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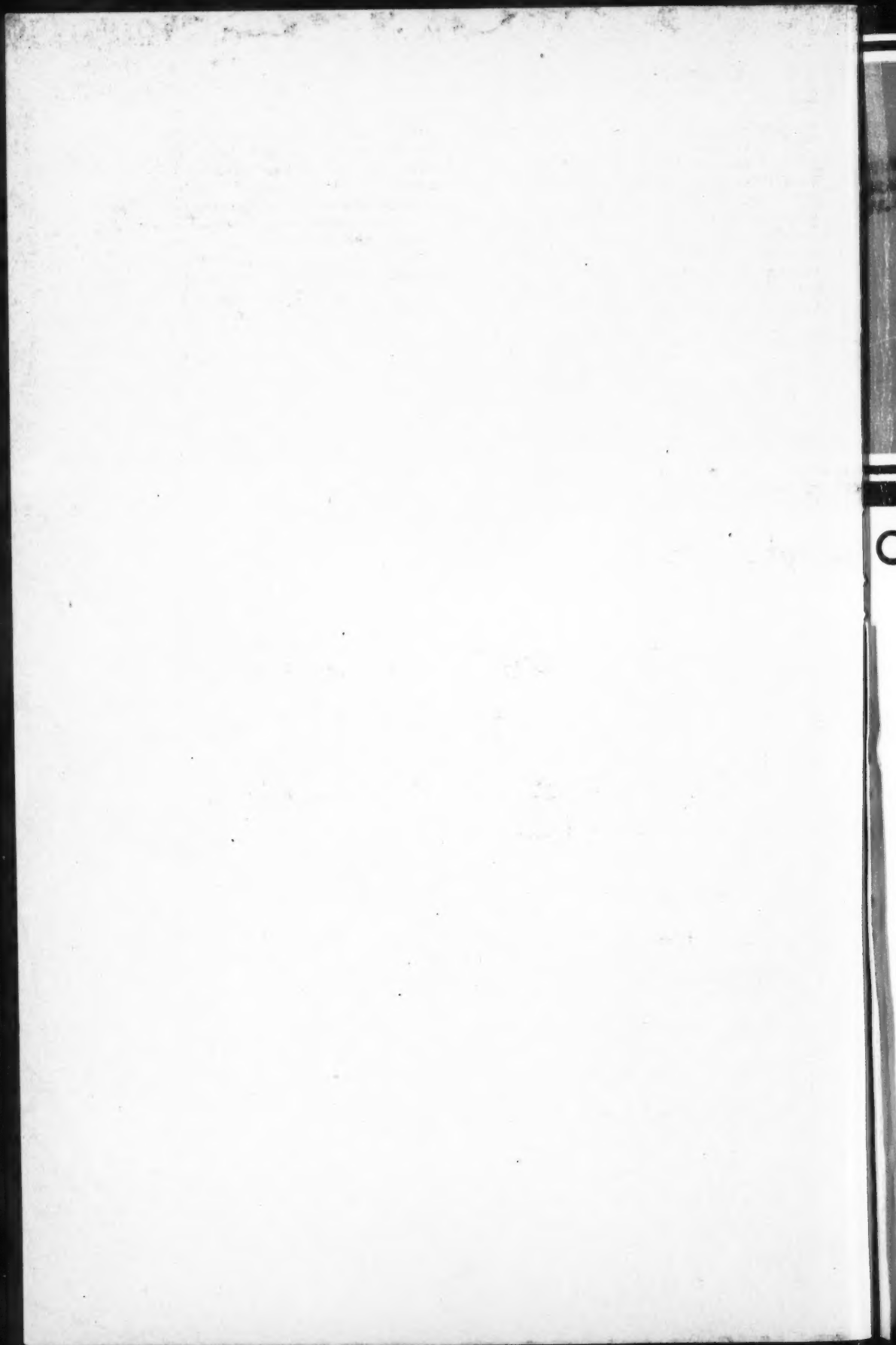
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With Index



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Current HISTORY



October, 1935

Price 25 Cents

THE DRIFT TO WAR

By Frank H. Simonds

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By Roberto Forges-Davanzati

ROOSEVELT MOVES FORWARD.....Delbert Clark

NAZI ECONOMICS AT WORK.....Paul Einzig

NEW ENGLAND INTERLUDE.....Francis Brown

THE FALL OF KING COTTON.....Henry Hazlitt

SELF-RULE FOR INDIA.....H. B. Lees-Smith

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CURRENT HISTORY for OCTOBER

THE DRIFT TO WAR.....	<i>Frank H. Simonds</i>	1
ITALY'S CASE AGAINST ETHIOPIA.....	<i>Roberto Forges-Davanzati</i>	8
ROOSEVELT MOVES FORWARD.....	<i>Delbert Clark</i>	15
NAZI ECONOMICS AT WORK.....	<i>Paul Einzig</i>	21
NEW ENGLAND INTERLUDE.....	<i>Francis Brown</i>	27
THE FALL OF KING COTTON.....	<i>Henry Hazlitt</i>	32
SELF-RULE FOR INDIA.....	<i>H. B. Lees-Smith</i>	39
WHEN SCIENCE DICTATES.....	<i>Waldemar Kaempffert</i>	45

A MONTH'S WORLD HISTORY

<i>By Allan Nevins</i>			<i>By William E. Lingelbach</i>		
Italy Defies World Opinion	58		Italy's War Fever	93	
<i>By Charles A. Beard</i>			Conservatism Rules Spain	95	
The Labors of Congress	64		<i>By Frederic A. Ogg</i>		
Death of Senator Long	72		Greece Plans a Plebiscite	96	
<i>By J. Bartlet Brebner</i>			Polish Elections	97	
Social Credit Sweeps Alberta	74		Czechoslovak Land Reform	97	
Canada's Pre-Election Lull	75		A New Yugoslav Party	98	
Canadian Economic Outlook	76		The Views of King Carol	99	
<i>By Hubert Herring</i>			Unrest in Albania	99	
Collapse of the Chaco Parley	77		On the Bulgarian Frontier	100	
The Cuban Kettle Simmers	79		<i>By Ralph Thompson</i>		
Argentine Political Strife	80		Finland's Diplomatic Position	100	
Ecuador Deposes a Dictator	81		Danish Farm Troubles	101	
Increased Mexican Unity	82		Memel Electoral Law	102	
<i>By Ralph Thompson</i>			Estonian Dictatorship	102	
Britain Enjoys a Boom	83		<i>By Edgar S. Furniss</i>		
New Irish Constitution	84		America and the Comintern	103	
Australian Progress	85		Soviet Aid to Science	105	
Indian Riots	85		<i>By Robert L. Baker</i>		
<i>By Francis Brown</i>			Japanese Trade in the Near East	107	
The French Emergency Laws	86		Turkish Affairs	107	
Death of Belgian Queen	88		Egypt and Italy	108	
<i>By Sidney B. Fay</i>			Arab Conference	109	
Germany Reduces Unemployment	89		<i>By Grover Clark</i>		
Austria and the Nazis	92		Army Rule in Japan	109	
			Weakness at Nanking	111	
			Japan in China	112	

CURRENT HISTORY IN CARTOONS	51	CHRONOLOGY OF CURRENT EVENTS	57
THE WORLD IN BOOKS.....		<i>John Chamberlain</i> IV	

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THE WORLD IN BOOKS...

By John Chamberlain

IF one prizes logical consistency, if one wishes to keep questions of expedience and policy out of one's thinking and writing, one had best be prepared for a shower of bullets and brickbats from all sides when one is criticizing the books of the present. Conscious class factors have complicated the literary war; a certain radical group, disregarding scientific rules of evidence that have no connection whatsoever with the question of economic determinism, expects one to accept a book like *Rubber Truncheon: Thirteen Months in a Nazi Concentration Camp*, by Wolfgang Langhof (Dutton, \$2.50), as true on the face of it, while at the same time inveighing against the "treachery" of crediting a book like George Kitchin's *Prisoner of the Ogpu* (Longmans, Green, \$3).

Now obviously the reviewer who has not seen either a Russian Arctic prison camp or a Nazi detention camp has no more right to accept the facts of a Langhof than he has to accept the facts of a Kitchin. But if one pushes one's skepticism to this point one is reduced to a completely unworkable silence; lacking "world enough and time," lacking seven-league boots and magic carpets, lacking money to travel and hire research workers, one is forced to decide the "truth" of a book by guesswork, by the preponderance of supporting outside evidence and by the internal plausibility offered, often unwittingly, by the author.

Using these rule-of-thumb tests, one is forced to admit that *Prisoner of the Ogpu* is as plausible and as horrifying as *Rubber Truncheon*, for all that the Soviet State prides itself on pointing to true democracy. Of course it is horrifying at the expense of a different class of people; this is the Soviet justification of "liquidation" by the Ogpu. And, if one has taken the proletarian side, there is nothing very much to be said after this is said. But truth is not wholly a matter of "class," and it is probable that the growing habit of regarding words and evidence as simple "class weapons" will eventually defeat itself. When one gets in the habit of using the mind casuistically one not only corrupts one's self, one automatically concedes the right of duplicity and the "double-cross" to one's opponents.

Let us test this by reference to literary

political tactics. A good Communist sympathizer, writing in a liberal magazine, dismisses *Prisoner of the Ogpu* as mere reiteration of evidence that "one can't make an omelette without breaking eggs." Revolutions are, in short, expensive. Well, one can grant this. But the same Communist sympathizer, writing in a liberal magazine, will take a book like *Rubber Truncheon* and remark upon the Nazi glorification of brutality, of inhumanity, and go on to make an appeal to the conscience of mankind. He will call Chiang Kai-shek, the Chinese Nationalist leader, a double-crossing butcher for turning on his allies among the Communist soldiers before the Communist soldiers have had a chance to work the double-cross for themselves. This attitude of wanting the benefits of a "united front" when things are going your way, but of reserving the right to "sell out" the united front without a moment's notice when things go against you, is all very well in theory; unfortunately, it can be seen through all too easily.

So the double-cross invites the counter-double-cross, and the person who would dismiss *Prisoner of the Ogpu* as mere evidence that revolutions are expensive finds himself compromised when he wishes to invoke general stereotypes, such as "liberty" and "equality" and "humanity," against Hitlerism. Of course, I am revealing my "bourgeois" origins, my "class" interests, in making a cult of fairness. Yet if mankind cannot evolve a "fair" social system, what is the use of fighting on any side in the class war? One might as well give up the struggle and go the way of the dinosaur and the dodo.

The Communist rejoinder is that in a classless society "fairness" will take care of itself. Maybe. But Pavlov's work on conditioned reflexes, and common observance that a plethora of money and goods does not cure a kleptomaniac, cause one to doubt that mental dishonesty is the best preparation for mental honesty. The social philosophy that would countenance the conditions behind a *Prisoner of the Ogpu* has not much right to object when the other side gets in its blows first.

Publication within the same week of *Prisoner of the Ogpu* and *Rubber Truncheon* should serve notice on radical thinkers—thinkers willing to go to the roots of the matter—that it is time for a reconsideration of

the rôle of the modern intellectual, that, in short, Julien Benda is right when he pleads with writers to stick to the notion of scientific truth. This truth is likely to be elusive, yet devotion to it would not bog one in the inconsistency of shrugging one's shoulders at *Prisoner of the OGPU* while, at the same time, appealing to "humanity" to wipe out the fascism that has resulted in *Rubber Truncheon*.

* * *

There is one hopeful thing in connection with Mr. Kitchin's story of his three to four years' incarceration in the timber camps as a "forced laborer" whose time was sold by the OGPU to the Russian State. And that is its date. Mr. Kitchin was arrested in 1928 for refusal to act as an informer on his friends. A citizen of Finland, he had gone to Russia in the NEP period, naively accepting Lenin's NEP promises. He had built up an importing business, had represented American concerns and had financed a factory for the manufacture of oil and candles for Russian churches. He thought his foreign citizenship was sufficient protection. But Finland was not important enough to guarantee much protection, and the OGPU evidently thought nothing of arresting him when he failed to be complaisant.

The period of Mr. Kitchin's detention, it will be noted, coincided with the years of the Five-Year Plan. And, as Louis Fischer pointed out in last month's *CURRENT HISTORY*, during this period Russia often forgot the human being in its devotion to an abstract humanity. It is Mr. Fischer's contention that such miscarriages of justice as are evident in Mr. Kitchin's book are a thing of the past, or at least he says they are about to become a thing of the past. But there should be no need to justify old injustices merely because of a faith in the future. One should denounce them if only in the interests of preventing their recurrence in the future. But if one does denounce them, one must be prepared to meet with the accusation of having "stabbed Russia in the back" and of "selling out to Hearst." Which, of course, is about as sensible as calling an enemy of the third degree in New York police station houses a "traitor to Manhattan." Cannot one register a protest against instances of cruelty without being tabbed a "reactionary"?

* * *

"Reactionary," "liberal" and all such words have such shifting connotations these days that a new vocabulary would seem to be indicated. John Dewey's *Liberalism and Social Action* (Putnam, \$1.50) is, in part, a clarification of the confusion surrounding the word

Continued on Page VI

Current History in New Books..

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Continued from Page V

"liberal," and in part an obfuscation of the word. To be truly liberal today, says Dewey, one must be a Socialist. This depends on a prior argument that capitalism must, by its nature, resort to illiberal means to perpetuate itself, must suppress civil liberties, habeas corpus, integrity of the personality and so on. Dewey may be right—experience in Germany and Italy certainly backs him up—but inasmuch as the adjective "liberal" was first used substantively to mean an adherent of the Manchester school of free-trade capitalism, an endless and silly controversy must inevitably flow from any such arbitrary appropriation of the term as Dewey suggests.

When Lewis Douglas, Herbert Hoover, Nicholas Murray Butler and John Dewey all lay claim to being priests in the liberal church, it is time to restore the strictly adjectival use of the word. Why does not Dewey call himself a libertarian Socialist, or a democratic Socialist? Nevertheless, it is fruitless to fight over a term when there are underlying realities to be agreed upon.

* * *

Historic Opinions of the United States Supreme Court, selected, with an introduction, by Ambrose Doskow (Vanguard Press, \$4.50) brings one up against underlying realities. It is interesting to draw the parallel between the Dred Scott decision and the Schechter case. The Dred Scott decision, it will be recalled, denied the right of Congress, under the Constitution, to regulate slavery in the Territories. There is no use chastising the Supreme Court of Buchanan's day or of any other day for interpreting the Constitution according to its lights; if Congress and the people of the States do not like a Supreme Court decision, they have the right to amend the Constitution. But when events drive too fast or forces are evenly divided it may prove impossible to get the necessary three-fourths of the States to agree in time to an amendment. Events drove too fast in the Eighteen Sixties, and the Civil War was the social commentary on the slowness of our constitutional legal methods of affecting social change.

Certain people insist that the Schechter decision, which says, in effect, that the United States Government has no right under the Constitution to interfere with private business that has only an indirect connection with interstate commerce, has created a situation that will be resolved only by extra-legal force. The assumption here is that the necessary three-fourths majority will not be forthcoming to amend the Constitution in time to prevent recourse to this force. If it proves true that business cannot save itself along laissez-faire

lines, then, very possibly, force will be invoked to break the barrier imposed by the Constitution. But Walter Lippmann, for example, does not think the Schechter decision conclusive; another Supreme Court decision, following a rigorously drawn regulatory act of Congress, might decree that certain basic industries have sufficient *direct* connection with interstate commerce to come within the government's constitutional right to interference. Who knows? The Supreme Court has effectively reversed itself in the past at the same time that it has denied any inconsistency. And what may seem like *indirect* connection with interstate commerce in 1935 may be a very direct connection in 1940.

* * *

The underlying realities of the day are what make Robert Briffault's novel, *Europa* (Scribner's, \$2.75), a stirring journalistic document in spite of its palpable deficiencies as a novel. Briffault cannot characterize in the subtle and ramifying way of a Proust, but he can give one a sense of dizzy social alteration as seen through the eyes of a character who has unique opportunities as a spectator of events. Briffault's protagonist, Julian Bern, was so placed that he knew what was happening generally in England, France, Italy, Germany, the Balkans and Russia before the World War. He also knew what was happening on different social levels within these countries. The result is a fine picture of Europe's "days of ignorance." Briffault is a Communist by recent conversion, but his novel is not "doped" to make Pollyanna propaganda for Utopians. A Spenglerian could take *Europa* and say, "See; the West is declining and there is no hope."

* * *

But if the West is declining, there is no assurance that the East is rising. Baroness Shidzue Ishimoto's *Facing Two Ways: The Story of My Life* (Farrar & Rinehart, \$3.50) shows that Japan is facing precisely the same problems that afflict Germany and Italy. If the West is in decline because of its industrial troubles, so is the East.

The Baroness Ishimoto remains a feminist and a libertarian and a believer in progress by peaceful means toward socialism in spite of the defection of her husband, who passed from a belief in communism to a belief in the nationalist destiny of a fascized Japan. Years ago the Baroness started fighting to bring birth control and Margaret Sanger to her country, and she means to fight on to the end. Her book is an excellent introduction for those who want to discover what has happened to Japan since the days of Commodore Perry.

* * *

Japanese "destiny" does not square with Japanese punctilio and courtesy as observed by Anne Morrow Lindbergh in her story of the

Great Circle flight undertaken by herself and her husband in 1931, *North to the Orient* (Harcourt, Brace, \$2.50). When the Lindberghs landed in the Japanese islands, they received a most gentlemanly welcome, a treatment quite at variance with that meted out to the Chinese in the Manchurian affair. Mrs. Lindbergh's book reveals an engaging auctorial personality; it is also a shrewd appraisal of a husband by a wife with a sense of humor. Colonel Charles Lindbergh, as he moves through these pages, is a very matter-of-fact, careful, methodical person whose imaginative limitations keep him from the blue funk that constantly threatened another aviator, Jimmy Collins. Collins, who was recently killed when a plane he was testing failed to come out of a dive, tells about the spectre of this blue funk in *Test Pilot* (Doubleday Doran, \$1.75). It was Jimmy's job to "dive" new planes in order to test the rightness of their manufacture. He knew the job was an extremely dangerous one, and he planned to quit and make a living by writing. But he failed to quit in time; the dive which he planned as his last proved to be his final one in a more enduring sense than he had foreseen.

* * *

Biography during the month was limited to Stefan Zweig's *Mary, Queen of Scotland and the Isles* (Viking, \$3.50). Zweig uses history selectively to build up a character who may or may not have existed, and if you like this sort of thing it must be said that *Mary, Queen of Scotland and the Isles* is done to both the queen's and your taste. But it is hard for me to get interested in biography that assumes the truth of doubtful evidence merely because the assumption improves the drama. Zweig is not interested in the historical forces that sacrificed Mary to Elizabeth of England; he is chiefly concerned with the fate of an individual who was born with a silver spoon in her mouth and could not forget it in her mature adversity.

* * *

The month abounded in fiction of more than average worth. There was Ellen Glasgow's *Vein of Iron* (Harcourt, Brace, \$2.50). The story of a Scotch-Irish girl who was born of pioneer stock in the Great Valley of Virginia, this novel is a ringing championship of "courage as the noblest virtue." Miss Glasgow, as always, commands her medium. She creates living characters; her prose is always pleasurable, even when she deliberately subdues her gift for epigram, as she has done here. My only objection to *Vein of Iron* is that it tries to tie courage to pioneering individualism, when it is obvious that courage can be an individual quality of any type of person, whether he be

Continued on Page XIII

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CURRENT HISTORY

OCTOBER 1935

The Drift to War

By FRANK H. SIMONDS*

A EUROPEAN war in the next few months is entirely unlikely, but peace beyond the middle of next Summer must be excessively precarious. The acute tension provoked by the Ethiopian crisis has again, as during the other crises that have followed one another with disturbing regularity and speed in the past three years, directed speculation toward possible later developments in the European tangle.

Hitherto the various European crises, those precipitated by Germany's withdrawal from the League and the Disarmament Conference in 1933, by the Putsch in Vienna in 1934 and by Hitler's rearmament announcement this year, have been the direct outcome of German events. Each, too, has ended by temporarily restoring some semblance of unity among the nations which were allies during the World War. After the last of these

episodes, too, agreement at Stresa and action at Geneva seemed to disclose that Great Britain, France, Italy, the Soviet Union and the States of the Little Entente were united upon a common policy to defend the territorial status quo of the Treaty of Versailles and to employ to that end the machinery and the moral authority of the League.

Mussolini's Ethiopian adventure has, however, at a single stroke, shattered the Stresa front and shaken the League to its foundations. It has also produced the first major crisis in the post-war period in which Germany has played no part and in which her enemies of the war themselves have come into violent collision. Nor can one mistake the fact that after its early stages this crisis was transformed from a dispute between Italy and all the League States into a clash between Rome and London in which the issue arose out of a divergence of interests that promised to be not transient but permanent.

It is upon this last detail that all

*Mr. Simonds, a leading American authority on European affairs, contributed to June CURRENT HISTORY an article entitled "What Next in Europe?"

discussion of the outlook for the future in Europe must turn. If the ultimate consequence of this Ethiopian crisis is a shift in the direction of British policy, then clearly the break with the earlier post-war period will be complete. There is, moreover, an interesting parallel between Mussolini's recent challenge to Great Britain and the circumstances which thirty years ago attended the descent of Kaiser Wilhelm II upon Tangier.

Nominally aimed at the French policy of "Tunisification" in Morocco, this sensational gesture of the Kaiser was actually directed at Great Britain, which had in 1904 made the celebrated entente with France. Taking advantage of Russian defeat in Manchuria and the consequent impossibility of France to stand alone against Germany, the Kaiser attempted to demonstrate German power. But, although the Moroccan affair constituted a momentary diplomatic triumph for Berlin, it also provided a warning to London which had momentous consequences.

Before the Tangier affair, Great Britain had remained hesitant whether to join the French or German camps into which the European powers were then divided. As recently as 1898, war between France and Great Britain over the Sudan had seemed possible, and if the agreements of 1904 had removed the causes of colonial dispute that had produced the Fashoda crisis, the entente thus established was negative rather than positive in character. France and Great Britain by its terms liquidated their own differences, but the latter undertook no European responsibilities on behalf of the former.

After Tangier, however, Great Britain once more turned to the employment of her historic device of the balance of power. In the challenge of Wilhelm II she identified the sign of

the approach of a new Napoleon and the threat of a fresh bid for Continental hegemony. Thus, as she had broken with the Russian ally of 1815 to make war in alliance with the French foe of Waterloo in the Crimea in 1855, so, half a century later, she took her position beside France and Russia against Germany. And the eventual consequences of Tangier were disclosed in the final crisis provoked by the crime of Sarajevo.

Alike for British security and prestige, moreover, Mussolini's challenge to Great Britain has been more direct and disastrous than that of the Russian Czar which led to the Crimean War or that of the German Emperor which prepared the way for the World War. When the British agents at Geneva undertook to employ the League machinery to coerce Italy, Mussolini's prompt response was that sanctions meant war. And, in the face of Mussolini's undisguised purpose to fight rather than yield, the British Government was warned by the Admiralty that the fleet could not keep open the line of communications leading by Gibraltar and Malta to Suez and India. No less paralyzing was the admonition of the military authorities that Egypt and the Sudan could not be defended against Italian attack from either Libya or Eritrea.

Not since Marchand's tiny force had emerged from the swamps and wilderness of the Bahr-el-Ghazal and taken position on the Nile at Fashoda had British interests in Africa been similarly threatened. Then the British answer was swift and decisive. While Kitchener, but lately victor at Omdurman, moved up the Nile with an overwhelmingly superior military expedition, London served upon Paris a virtual ultimatum. Rather than permit a French occupation of a position on the Cape-to-Cairo route, Britain was



Britain's Mediterranean Lifeline

ready to fight and, since France was not, France had to surrender.

In 1898, however, France could be coerced because the British fleet dominated the Mediterranean. French communications with Algeria and Tunis, not those of Britain with Egypt and India, would have been cut. In 1935, by contrast, it has been Italy who has held the upper hand, since her air force, submarines and swift cruisers could patently close the Mediterranean to British shipping and cover the route between the Peninsula and Cyrenaica and thus support an army launched from Libya against Egypt. Nor has it been less apparent that the 250,000 Italian troops established on the margin of the Sudan could easily dispose of the small Anglo-Egyptian army based on Khartum.

Mussolini thus gave notice to Prime Minister Baldwin and his colleagues of the National government that the price of any interference with Italian purposes in Ethiopia would be the cutting of the lifeline of imperial communications and the compromising of the British position in Egypt and the Sudan. Malta, the central point in the

British Mediterranean system, was disclosed at the mercy of the Italian air squadrons. Nor could this situation be seriously modified by military, naval or air concentrations. Actually, geography and the development of air and underwater craft have permanently transformed the face of things. Henceforth, as long as Italy is strong, so long will she be able to make British interests in the Mediterranean and East Africa hostages for British assent to her own imperial designs.

It is this new fact which has to be reckoned with in all attempts to analyze the European situation. Normally it is plain that the reaction of the British to this latest challenge to their security and interest would be the traditional shift from one camp to another. A hint from London would suffice to move Hitler to exert pressure upon Italy on the Danube, which would compel the abandonment of the enterprise beyond the Blue Nile. An Anglo-German entente, therefore, would seem the simplest and most effective manoeuvre to disarm the Duce.

Unfortunately for Baldwin, however, the old device cannot find new

employment without at the same time exposing Great Britain to grave danger. On the Continent not one but two Napoleons are in the field and the political conditions suggest not a checkerboard but a kaleidoscope. Nor can any sensible Briton question the fact that for his country the eventual menace now taking form in the North Sea must be far more serious than the peril that has already arrived in the Mediterranean. Beyond this detail, too, lies the patent truth that to march with Germany would be to invite a clash with France, the Soviet Union and the nations of the Little Entente, who are united by a common fear of Hitler.

It was because all these countries were inspired by the same apprehension that the British Government failed to enlist their support for its program of sanctions and its purpose to use the League to curb Mussolini's ambitions. Eager as were the French to preserve their wartime partnership with England, they were even more anxious to retain the still recently acquired friendship with Italy. For them the Italian army at the Brenner Pass appeared a more solid guarantee of their own security at the Rhine than did the British fleet. Thus France and her allies, reluctantly to be sure, but not less definitely, sacrificed the League to their own necessities.

The disclosure of the weakness of Geneva constituted for the British almost as grave a disaster as the revelation of the strength of Italy. Throughout the post-war years the League has been the cornerstone of British policy. Relying upon the imagined strength of this new collective system, the British have steadfastly declined to become a partner in the anti-German coalition which France has sought to establish in Europe. In moments of crisis, such as that

which provoked the Stresa Conference, they have stood with France against Germany, but at other times, as in the still more recent Anglo-German naval conversations, they have dealt with their old foe without consideration for the feelings or interests of their former ally.

Confronted now by the double demonstration of Italian strength and League weakness, what can and will Great Britain do? Upon the answer to this question must turn all appraisal of the immediate and even more distant future in Europe. In theory, of course, it remains open to the British to do nothing, but that is to surrender unconditionally to the tide that is sweeping Europe forward toward war. For Great Britain a new general war has implications no Briton is quite ready to face, since there are few subjects of King George who believe British neutrality can be preserved.

Patently, if Mussolini comes to grief in Ethiopia, either by reason of actual defeat or because of the strain of a protracted conflict, a domestic upheaval in Italy may abolish the threat a strong Italy must have for Great Britain in the Mediterranean and Northeast Africa. On the other hand, such an event will certainly serve as a signal for Hitler to begin his long-prepared advance down the Danube. With Italy eliminated as a military force in Europe, the arrival of German Continental hegemony would seem probable, if not certain. In such circumstance Hitler would be no more likely than was Napoleon to avoid a clash with Great Britain.

British interests would be completely served by the simultaneous collapse of fascism and national socialism; but while Hitler continues to rule the Reich, Great Britain can hardly afford to contribute even indirectly to the decisive weakening of Italy. For any

enterprise designed to hamper Mussolini, even by financial and economic pressure, the British can count on no aid from France. Furthermore, even a continuation of the tension between Rome and London might hasten the day when Hitler embarks upon his own imperial adventure. Least of any country in Europe does Great Britain desire war.

Actually, then, the British have to discover a new line of policy, and they have also to give effect to any course they may take by providing themselves with the military and naval means to carry out that policy. It is plain, too, that in recent weeks not only the British Government but also the British public have been looking eagerly, if not too hopefully, toward Washington. Only an Anglo-American partnership could provide the British with a certain and safe way out of their present situation. Failing such an alliance, they can discover no way to avoid being dragged ever more deeply into the Continental mess. Yet even in London the action of Congress in the matter of the neutrality legislation was recognized as the barring of this door finally.

Even without American aid the British may make a further attempt to restore the authority and prestige of the League of Nations. But at Geneva they are bound to be confronted by the demand of the anti-German bloc that they take an uncompromising stand and assume precise and far-reaching responsibilities. These countries no longer believe that war can be permanently prevented, and during the period of postponement are concerned almost exclusively with preparation for conflict. For them the League has no universal mission, but has become purely and simply an instrument for use against Germany. Thus they have been equally ready to

surrender to Japanese imperialism in Asia and Italian imperialism in Africa, since the attempt to give effect to League principles on these continents would weaken the forces available to defeat German ambitions in Europe.

For the British, however, the appeal of the League has lain in the fact that it has seemed to offer an alternative to the old system of alliances and now, when it has been made the instrument of an anti-German combination, that appeal must be diminished if not destroyed. The British cannot exert influence at Geneva so long as they will not accept the purely fatalistic point of view of France and her allies, the conviction that a new war is only a question of two or three years at most and not impossibly merely of months, and, in addition, cast in their lot with these people unconditionally.

The British Government, too, is gravely handicapped by the same state of mind that crippled the Liberal régime in the years immediately preceding the World War. More and more clearly Asquith and his colleagues perceived that war was approaching, but to the end British public opinion declined to regard war as inevitable or British participation in a Continental conflict as possible. Much of the British difficulty in dealing with the Ethiopian affair has arisen from the double demand that the government stand by the League uncompromisingly and yet undeviatingly avoid all risk of war.

Prime Minister Baldwin and his colleagues were thus driven by domestic public opinion to take a position that became untenable once Mussolini had declared himself ready to fight rather than retreat. To evacuate that position, moreover, has involved a sacrifice of prestige hardly paralleled in recent British history and has deprived Great Britain of a large share

of her once great influence precisely at the moment when the general condition is becoming most critical. More clearly than ever before in recent years, too, the fact has been established that force, and force alone, counts at the present stage of European affairs. And, simultaneously, Great Britain has been exposed as too weak to make good her words.

The immediate future in Europe, therefore, belongs to Hitler and Mussolini. At bottom, fascism and national socialism profess the same faith and in combination they might not impossibly dominate the Old World. Such a combination, however, is unlikely, if not impossible, because the two Caesars are conscious rivals, and the material and political interests of their countries clash in the valley of the Danube. So unequal are the resources of these two countries, however, that Mussolini can challenge Hitler only when he is backed by France and the Soviet Union. By contrast, the French and Russians feel themselves dependent upon Italian support to meet the menace implicit in the Nazi program.

Because they need Mussolini and fear Hitler, France, the Soviet Union and many smaller States will continue to refrain from any attempt to restrain Italy's colonial enterprise. Having tried and failed to raise the League powers against Mussolini, Great Britain must now decide whether to join with France and her allies in the combination against Germany which was established at Stresa and has since crumbled, or to stand aside and watch helplessly from her own side of the Channel while Europe plunges into war. In theory, a third course — namely, partnership with Germany, is open; in practice, however, that would be not merely partnership in certain war but an associa-

tion the very making of which would hasten the arrival of conflict.

For those who remember the events of the pre-war era, the Ethiopian crisis must recall that of Agadir in 1911. Even before that earlier crisis the Tangier and Bosnian affairs had disclosed to the statesmen of Europe the gulf that lay under their feet. In 1905, and again in 1908, talk of war had been general and danger of conflict real. But it was only after the episode of 1911 that the statesmen and publics of Continental countries at last accepted war as inevitable and adopted that fatalistic attitude so surprising to Americans and even to Britons who continued to ignore the realities beneath the surface of European affairs.

The Ethiopian crisis differs from the historic pre-war incidents in that it has been, in a sense, a side issue. The real threat of general war in Europe remains implicit in the purpose and spirit of Nazi Germany. And, in this latest affair, Germany has looked on from the sidelines, unconcerned directly although fully aware of the profit to herself incident to the collapse of the Stresa front. Nevertheless, the effect of the crisis has been to weaken the British hand incalculably and to injure the League beyond exaggeration. And Great Britain and the League were centres of such peace spirit and hope as still survived on the European side of the Atlantic.

Together the Manchurian and Ethiopian crises have destroyed the contemporary effort to substitute consultation by conference for the older diplomatic technique. The earlier affair saw the end of an American drift toward collective action in company with the League powers which had been developing ever since the making of the Kellogg Pact. When the United States discovered that the

League powers would not act to restrain Japan and realized that the ultimate result of an American attempt to promote collective action had been to earn for itself the full weight of Japanese resentment, the reaction was as sure as it was swift.

In the Ethiopian affair Great Britain has had the same experience as the United States had in the Manchurian episode. Seeking to preserve peace, the British have suddenly been faced by the very real possibility of being involved in a war single-handed. When the next crisis comes, the evil consequences of the earlier episodes will unmistakably have a profound influence alike upon American and British policy and public opinion. About the practical value of Geneva, opinions manifestly differ, but over the disaster to the League from the events in Manchuria and Ethiopia there can be no dispute.

Peace beyond the Summer of 1936, as has already been said, must be excessively precarious. German rearmament is proceeding apace, and persistence of the quarrel between London and Rome, or military defeat or economic collapse in Italy, may hasten German action. But only a similar material breakdown in the Reich could exorcise the ever-rising menace of eventual war. The latest crisis has merely served to undermine both British and League barriers to conflict.

The simple truth is that analysis of the contemporary European anarchy can hardly go beyond signaling the steady drift of the Old World toward a general war and the constantly growing pressure of economic privation upon both Mussolini and Hitler. Where pre-war Europe was divided into two coalitions, post-war Europe has disintegrated until not two but at least three camps are to be identified.

The distrust of Paris and London for each other is hardly less striking than British suspicion of Italy and French doubt as to Germany.

This incoherence not impossibly constitutes the gravest peril for peace hereafter, because it now offers an almost impregnable barrier to reasonable calculation. Conceivably a sudden and acute danger coming from Germany might restore the old war-time partnership between London, Paris, Rome and Moscow. On the other hand, so great are the present differences that it might prove beyond the resources of statesmanship to establish any semblance of cooperation. The French feel that they have been betrayed by the British in the Anglo-German naval agreements. The British think themselves abandoned by the French in the Ethiopian affair. Italy is resentful of British action and suspicious of French attempts to temporize. The Soviets are nervous, and fear that in the end their British, French and Italian associates at Geneva will sacrifice them to Germany.

No statesman in Europe today has the authority which belonged to Briand before 1931, and there is nothing even remotely recalling that "Big Three of Peace"—Briand, Stresemann and Austen Chamberlain—which made the Truce of Locarno and was able to provide the Old World with five years of relative tranquillity and actual recovery. To all the other perils that make for uncertainty and fear add the domestic situation in France, which overnight may eliminate France as a factor in the international field.

In sum, as M. Claudel, former French Ambassador in Washington, remarked during an earlier period of tension, Europe, during the Ethiopian affair as before, "continues to march from crisis to catastrophe."

Italy's Case Against Ethiopia

By ROBERTO FORGES-DAVANZATI*

THE conflict between Italy and Ethiopia is today represented by those who call themselves pacifists and champions of the League of Nations as a violent and arbitrary improvisation of Fascist Italy. This is an error. It is, in fact, an interested and deliberate distortion of the truth.

First of all a fact that also fixes a date. Even before the unification of Italy, the Kingdom of Sardinia, in order to assure itself of a base of operations outside the Mediterranean, considered the possibility of establishing permanent relations along the Red Sea. The first Italian to land at Massawa was the Genoese Giuseppe Sapeto, who went there in 1838, returned in 1851 and explored the regions of the interior with the sentiment of an Italian and the faith of a Catholic missionary. In 1869, through the efforts of Sapeto, the promontory dominating the Bay of Assab was purchased on behalf of the Rubattino Shipping Company with the consent of the government. In 1882 the purchased territory became the property of the State and therefore politically Italian.

From that moment dates the true beginning of Italian penetration, which has been accompanied by the work of explorers and missionaries. Many of them lost their lives in the various regions of Ethiopia, either at the hands of the natives or as a result of

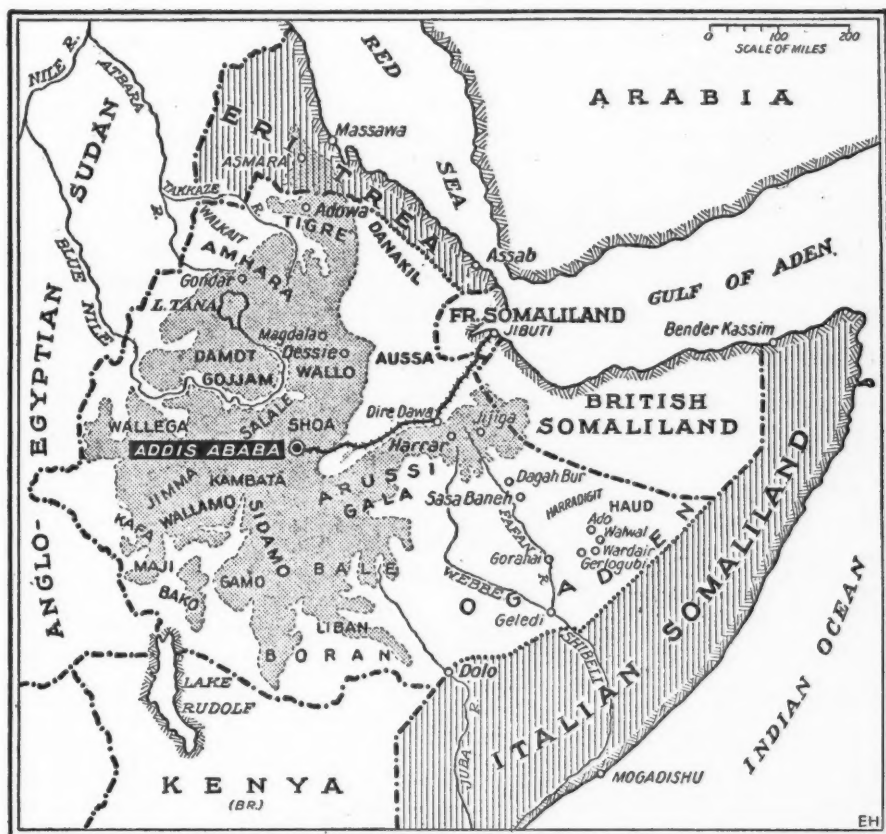
the hardships and privations they suffered. It is thus exactly fifty-three years since Italy first set foot on the Red Sea coast, participating in the Europeanization of the African Continent and obeying a legitimate law of expansion—the same law that has been obeyed and is still obeyed by other States and above all by England, who has conquered such a large part of Africa. One may not, therefore, speak of improvisation.

In these fifty-three years the relations of Italy with the Ethiopian chiefs have had a long and often bloody history, which has abundantly proved that Ethiopia, through the fault either of its central government or of its local chieftains, has uninterruptedly refused to cooperate with Italy.

Seven years after the assertion of Italian political sovereignty along the Red Sea, a treaty of cooperation was concluded. It resulted from lengthy negotiations with Menelik, the chieftain who, after a fierce internal struggle, had succeeded in asserting his predominance over the other "Ras." This treaty officially recognized Italy's position, for it entrusted to Italy the diplomatic representation of Ethiopia in its relations with all other States. Menelik, who owed his position and power largely to Italian aid and had concluded the Treaty of Ucciali in 1889 whereby he recognized the protective collaboration of Italy, soon began to rebel against this legitimate and just subordination.

It would be too long to go here in detail into the successive phases of

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The plateau (shaded area) and provinces of Ethiopia

this hostile resistance, which followed Menelik's supplications for friendship and help when he was still struggling for the throne. What it is important to emphasize is that the military operations that preceded and followed the conclusion of the Treaty of Ucciali were hard and bloody and that Italy sacrificed in them the lives of her soldiers, who fell in thousands where the pioneers had fallen singly. The battle of Adowa in March, 1896—an ill-fated battle, in which 15,000 Italians fought valiantly against 100,000 Ethiopians—was the principal episode of the period that came to an end with the present configuration of the territory of Eritrea.

The second Italian colony, Somaliland, on the Indian Ocean, also had its origins over fifty years ago—in 1883. There also pioneers and soldiers in great numbers sacrificed their lives to enlarge it, to develop it, to give it the greatest possibilities of work and production, which presuppose order and tranquillity.

Eritrea, which has an area of 45,500 square miles and a population of 622,000 inhabitants, and Italian Somaliland, with an area of 190,000 square miles and a population of 983,000 inhabitants, both have very long common frontiers with Ethiopia, which have not been precisely delimited on the ground. It is necessary, therefore,

that the relations with Ethiopia be those of good neighborliness.

When Fascist Italy had to consider the situation of her two East African colonies, at the time when she was proceeding to organize her two Libyan colonies in Mediterranean Africa on a stable and final footing, Mussolini remained faithful to his intention of working in close and cordial cooperation with Ethiopia. When the present Negus Haile Selassie was only the Regent Ras Tafari and needed the good-will of his neighbors to impose his authority on the other chieftains—he had dispossessed and imprisoned Lij Yasu, who had been designated as heir to the throne by Menelik—Fascist Italy, in 1924, welcomed him with favor. There is no doubt that Italy's sympathetic attitude helped the Negus to attain his ends, as it had years before helped Menelik. When the Regent Ras Tafari became the Negus Haile Selassie, an Italian mission headed by the Duke of the Abruzzi was present at his coronation. And in 1928 a treaty of friendship and collaboration was concluded between Italy and Ethiopia, which the new sovereign declared he wished to modernize.

Not only was the treaty of 1928, which provided for effective cooperation in works useful and indeed necessary to Ethiopia, soon thrown into the discard despite Italy's desire to carry it out faithfully, but it became apparent that the Negus wished to take advantage of it only for the purpose of arming his country in a more modern fashion and with evidently anti-Italian aims.

Ethiopia has no outlet to the sea, and a single railroad links its capital, Addis Ababa, with Jibuti, the port of the small possession of French Somaliland. The coastline of Eritrea and

Italian Somaliland is in Italian hands, and between the two there are only the short coastline of French Somaliland and the longer one of British Somaliland. Ethiopian nationalism has made it its principal aim to conquer an outlet to the sea through one of the two Italian colonies and made a start toward realizing this plan by exerting all its pressure on Italian Somaliland.

In reality, the new Negus did not depart from the political objectives of his predecessors; indeed, he sought to follow them faithfully behind the convenient screen of the treaty of cooperation of 1928, which, according to Italy, should instead have represented a basis for peaceful and productive relations.

It will be sufficient to mention summarily a few facts.

Already in 1912, as has been declared by the Italian Government in the Senate during the discussion of the colonial budget, a lively campaign had broken out in Addis Ababa against Italy. The fomenters of the campaign emphasized the splendid opportunity offered by Italy's Libyan war to attack Eritrea. In March and April, 1914, the Negus Woldo Giorgis with a body of troops estimated at over 50,000 men entered the Tigré and marched on the frontier. The Negus knew very well that the colony was almost completely unprotected because several battalions had been sent to Libya. It was necessary to recall the Eritrean battalion from Libya by telegraph; troops and war materials had to be dispatched from Italy, and a grave economic crisis had to be faced as a consequence of the sudden threat of war.

Again, in February, 1915, the Negus Mikael prepared another plan of attack against Eritrea with three bodies

of troops aggregating 150,000 men. His military campaign was preceded by an intense political propaganda among the native population of the Italian colony. In 1920, the Mullah, who had rebelled against Italy and the British, was welcomed on Ethiopian territory near the frontier of Italian Somaliland, and this again obliged Italy to take military measures. In 1922, the expedition of the Fitaaurari Aialeu claimed the right to exact tribute by armed force, by means of his troops, from all families of Ethiopian origin that found themselves in the centres of colonization on Italian territory. In 1923, the expedition of the Dejazmach Waké and Woldo Selassie was organized, with the usual threats and military measures.

In 1925-26 there followed the dispatch of Ethiopian arms and munitions to the rebels of the Mijertein during the Italian operations for the occupation of Northern Somaliland and the rebel chiefs were later granted pensions and land by Ethiopia. Finally, in 1931, the Dejazmach Gabre Merrian organized an expedition, threatening a sudden attack against the frontier of Italian Somaliland on the Shibeli and, in 1934, the situation culminated in the violent and bloody encounter at Walwal.

It must be borne in mind that the attack against the Italian garrison at Walwal, which followed an intimation to the commander of the post to withdraw (because, according to an arbitrary Ethiopian assertion, Walwal does not belong to Somaliland), was carried out by a group of armed men who had reached the frontier in the company of a mixed Anglo-Ethiopian commission charged with the delimitation of the frontier of British Somaliland. The British representative on the commission, Lieut.

Col. Clifford, not only was present at the attack, even if at a distance, but he had already clearly shown himself to be favorable to the unwarranted and unacceptable demand that the Italian troops should abandon a contested territory. Nobody can claim that the conduct of Lieut. Col. Clifford, in this typical episode, was disinterested and would bear inquiring into more closely.

From all the foregoing it may be concluded:

1. Italian penetration in East Africa has over half a century of political, military and commercial history. It is therefore not at all improvised but represents a vast, essential problem, the solution of which cannot be further postponed.

2. Italy in 1889, as in 1928 by Mussolini's initiative, attempted to carry out a policy with Ethiopia of good neighborliness and of direct cooperation, from which Ethiopia would have derived very great benefits.

3. Ethiopia, on the contrary, has proved and is proving by a multitude of undeniable facts that she wishes to pursue and develop a policy of open antagonism to Italy. This policy culminated in the episode of Walwal, which is not an isolated event, but can be considered as the alarm signal that revealed a situation fundamentally hostile to the two Italian colonies in East Africa.

Italy has the right and the duty to face and solve this situation, after half a century of bloody experience, as she cannot admit that she is to allow Ethiopia to have her own way in aggravating matters.

Mussolini's decision to take the Ethiopian problem in hand is perfectly justified and timely. His method of dealing with it was designed to restrict the controversy to the Afri-

can and colonial field, framing it in the great historical phase of the Europeanization of Africa. To oppose Italy it is necessary to deny the formidable fact of the conquest of Africa in which England played the part of the protagonist. The British Labor spokesmen, who accuse Italy of imperialism and would start a pacifist crusade that would find expression in acts of war, do not at all feel it their duty to dismember the British Empire. They hold their empire tight, while they would prohibit others from participating in that European expansion which has left its mark on a whole century of colonial enterprise. Indeed, not only do they hold it tight, but they do not disdain to make use of it for their own ends, as when they clamor for the closing of the Suez Canal and the Straits of Gibraltar, when, in other words, they demand that a position that is imperial, and exclusively imperial, should be used against Italy and therefore against all nations, because what is done today against Italy can be done tomorrow against another power.

It has been said that Ethiopia is an independent State, worthy of living on as the last surviving native State in the whole of Africa. This statement is false and willfully misleading. Ethiopia is not a State, but the negation of a State, because it is a feudal, slave-trafficking and slave-owning composition, possessing not even the slightest element that constitutes a State. Ethiopia is not even a national agglomeration. It is the result of successive conquests, almost all of them recent and made to maintain the absolute predominance of the conqueror.

Ethiopia comprises only four regions—the Tigré, the Amhara, the Gojjam and the Shoa. The other regions—Wallega, Jimma, Kafa, Si-

damo, Boran, Bale, Arussi, Harrar and Ogaden—have been acquired by violent conquest, for the purpose of enslaving tributary populations. In a territory of 430,000 square miles there lives a population estimated at 6,000,000. One must doubt the accuracy of the larger figures sometimes quoted, no census being possible in a country that keeps no records of births and deaths. These 6,000,000 inhabitants belong to different races, among which the Ethiopians are not a majority, for they are estimated at 2,200,000, as against 2,500,000 Galla, 550,000 Sidama, 350,000 Somalis, 50,000 Dankalis and 350,000 Negroes and negroids. There is no common language, for six principal languages exist—Tigrean, Amharic, Orreno, Somali, Sidama and Ofar—none of which has any literary value, and a number of lesser dialects. Nor is there any religious unity, for there are 2,750,000 Christian Copts, 2,900,000 Mohammedans, only 11,000 Catholics and 325,000 pagans.

As for the relations between the Ethiopian conquerors and the subject populations, a few facts made public in a debate in the Italian Senate have shown that they are destructive. Ethiopian domination is a cruel domination.

The Kafa, an independent kingdom and one of the most fertile countries in East Africa, has a population that Cardinal Massaja, a profound expert of that region, estimated at 1,500,000. In 1897 the Ethiopians conquered this kingdom and began the most ferocious devastation of men and property. Today, after forty years of a régime of slavery, the population does not exceed 20,000, according to the estimates of European travelers.

The Jimira, to the west of the Kafa, was another small State that

recognized the sovereignty of the King of the Kafa. In 1912 the Swiss traveler George Montandon was able to ascertain on the spot that the population of the Jimira had decreased in fifteen years from 100,000 to only 20,000.

The tribes of Ciara and Nano, which Bottego had met in 1895 to the south of the Kafa and on the banks of the Omo, may be said to exist no longer, having been exterminated by the raids of the slavers. Only five years ago, a few surviving Nao were still offered on Ethiopian markets as a rarity. They were divided into two species, the "Red Nao" and the "Black Nao," according to the more or less dark color of their skins, and they fetched an average price of 80 or 90 Maria Theresa thalers.

The Burgi, inhabiting the mountain range to the east of Lake Queen Margherita, were estimated in 1895 by Bottego to number about 200,000. Nowadays, being much sought after in the slave markets because they are strong and skilled agriculturists, the Burgi who have escaped slavery and remained in their country do not number more than 15,000, according to the report made three years ago by an Italian traveler.

Bottego, Ruspoli and James mention the presence in the upper valley of the Shibeli of large villages of Imi, a population speaking the Somali language. The villages were inhabited by vast numbers of prosperous agriculturists, who offered the explorers hospitality and food. In 1928 the Duke of the Abruzzi, in his memorable exploration of the Webbe Shibeli, noted that not a single Imi village was in existence and that the whole land was completely deserted.

Ethiopia, finally, has not even dynastic continuity. Each Negus ascends

the throne only by means of bloody fights, of intrigue and ambush, of the imprisonment and violent death of his rivals. A Negus cannot therefore stabilize his power even in his own person, because when he becomes Emperor he carries with him the taint of violence, which brings into operation the law of an eye for an eye, a tooth for a tooth.

Ethiopia therefore remains entirely true to African type, which is an inferior type, and cannot lay claim to an ancient, even if now no longer existing, civilization, such as that of which Egypt boasts.

Ethiopia was, nevertheless, admitted to the League of Nations. She was admitted on condition that she would reach a certain level as a State and abolish slavery. These conditions have not been fulfilled, and they cannot be fulfilled. Ethiopia will never be worthy of comparison with any State of Western civilization. The error that was committed when she was accepted by the League must not be aggravated by making her the State by which the effectiveness of the League of Nations' guarantees are to be tested. The League of Nations, which has not the power to undertake any action requiring a show of strength and which has not intervened on numerous other occasions, must not be asked to exert its authority for the first time on behalf of Ethiopia of all countries—a country organically devoid of all the qualities necessary for membership.

On the other side exists the clear, incontrovertible right of Italy to colonial expansion. Italy has a territory of 135,000 square miles with a population of 43,000,000 inhabitants. More than 10,000,000 Italians, scattered in all the countries of the world, bear proof to how vigorous is the expan-

sion of their race. The Italian population increases at the rate of 450,000 a year. But that is not all. The Italian, as can be seen in all countries where Italian communities live and work, is a born colonizer. He is sober, industrious, hard-working, thrifty, prolific, and he prospers in all climates. He is at once soldier, agriculturist artisan, mechanic. Wherever he goes, he takes root and works. These qualities, which are the qualities necessary to carry on civilization in the colonies, do not exist in any country that is not in possession of a vast colonial empire.

Something of this is known to England, who no longer succeeds in making her sons venture forth into the world, who cannot induce her millions of unemployed to leave her shores and who no longer has the strength or the capacity to make them return to the land, which is largely uncultivated.

Italy must expand because she can expand. Her road must not be crossed by other countries, certainly not by that country which has taken possession of all the continents and of all the roads of the world.

Moreover, Italy, a country of agriculturists and seafarers, a mountainous and maritime country, is bathed by three seas. But these three seas are comprised in the Mediterranean, the gates of which are controlled by England. Italy is in a different position from France and Spain, for she has no coast opening on the ocean; she does not breathe the sea through two perfectly independent lungs, like the Atlantic and the Mediterranean. She therefore urgently requires land on the great routes of world communication.

To obtain what she needs, Italy does not covet the possessions of others; she merely asks that the others shall not act in such a way as to make her understand that she is to be kept a prisoner in the Mediterranean forever. Italy asks only to be allowed to breathe in the world. She is ready to open up her own path for herself, trusting only in her own strength, in the land toward which her necessities are driving her, in the land toward which she first made her way nearly seventy years ago.

ROME, Aug. 29, 1935.

Roosevelt Moves Forward

By DELBERT CLARK*

IN the nerve-racking Summer of 1933, when the lieutenants of the New Deal were pressing desperately forward, not daring to pause lest they be frightened at the uncharted vista, President Roosevelt remarked to a group of Brain Trusters: "You young fellows don't know how lucky you are. You are living in one of the most interesting times in all history."

Two and a half years have elapsed since Franklin D. Roosevelt became President, and he is still "living in one of the most interesting times in all history." Doubtless when he made that remark he was not thinking in terms of himself as a maker of history, but it is indeed true that the history of America from March 4, 1933, to the present moment has been the history of Franklin D. Roosevelt. What has been accomplished under the New Deal has been essentially his accomplishment, what of failure has been his failure.

From that dramatic day when he flew to Chicago, shattering precedent to accept the nomination on the spot, he has been his own boss. He has gambled mightily, but with schoolboy enthusiasm, with fate; he has compromised, vacillated, given and taken, traded horses. But always he has made his own decisions and kept his own hand on the helm. Not for nothing do his younger and more worshipping aides dub him "The Skipper." If he ushers us into that "more abundant life" he has promised, he alone

deserves the credit. If he takes us down to national ruin, he deserves the blame. It has been, and continues to be, his show.

One qualification, of course, must be borne in mind. Adept as he is, Mr. Roosevelt cannot control natural forces. If recovery was to come about this time anyhow, neither he nor the Republicans deserve all the credit; if our system was so outmoded that we were due for collapse in spite of all our efforts, a share of blame is due not only at the door of the White House. Unrestrained natural forces were in virtually full operation when Mr. Roosevelt became President. He was face to face with a struggle before which his predecessor had quailed, before which many stronger men would have quailed.

Mr. Roosevelt took office with a clean slate. Not long before, Mr. Hoover and Ogden Mills, the Secretary of the Treasury, had pleaded with him to join in a proclamation closing all banks and placing an embargo on gold. He steadfastly refused, on the perfectly valid ground that he could not accept executive responsibility before he assumed executive authority. And it was evidence to many of his good faith that his first act as President was to issue in his own name the very proclamation which had been prepared for Mr. Hoover by Secretary Mills and which Mr. Hoover had not dared to issue on his own responsibility.

It is not unfair to Mr. Roosevelt to say that up to the time of his nomina-

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tion he probably had only very general ideas of what he wanted to do when he became President. He was entering upon his duties in a time of tremendous stress and bewildering flux, and his earlier training, even as Governor of New York, hardly equipped him with a set of formulas for the task ahead. But he soon realized that such a set of formulas must be ready before March 4.

To that end the Brain Trust was formed and began its sessions, mapping out a campaign along economic lines and a broad course of action to be put into effect afterward. Mr. Roosevelt learned much in those eight months, probably more than since he has been President. His social philosophy has coalesced, surely, from the somewhat inchoate mass of good intentions of three years or so ago, but it is the same philosophy. He did his changing and developing between nomination and inauguration.

In spite of his intensive consultation with the Brain Trust and the feverish planning that took place, his speaking campaign was noteworthy for the astonishing dearth of specific promises and for the plenitude of broad generalizations which it brought forth. It was charged that the reason was that he did not know what he wanted. It is more probable that he did not desire, in a rapidly changing situation, to announce details too far in advance.

It is also true that, while he had broad plans, he had indeed left many details to be worked out in the heat of the moment. This was his way, and it was to be one of the most significant features of his administration that a specific course of action should be devised to support a theory, and that the actual construction of a piece of legislation was likely to be considered

so much trimming. So details were held in abeyance until Mr. Roosevelt and his Cabinet and his Brain Trust bore down on Washington.

It was at this point, lost in the general confusion, that the new President made his first major error, one for which he paid many times over. That was when he installed two leading members of the Brain Trust as high executive officials in his government—Raymond Moley as Assistant Secretary of State and Rexford G. Tugwell as Assistant Secretary of Agriculture. Without considering the capacity of these two scholars for the positions given them—and that swiftly became a matter of intense controversy—Mr. Roosevelt, by bestowing upon them sub-Cabinet rank, brought to immediate focus the essential hostility always present whenever non-political planners are juxtaposed with politically trained administrators and legislators. Further, he elevated to executive responsibility men whose most valuable function was advising and planning behind the scenes; he placed cartographers in charge of combat divisions.

The disrepute into which the Brain Trust, though brilliantly conceived, immediately fell was due in great measure to this attempt to combine the functions of planner and executive. Undoubtedly there was no thought given to the possible consequences at the time. Both men were highly valued. Both were to be kept close at hand, and salaries were presumably necessary to this end. What more natural than to install them in the "little Cabinet"? But, motives aside, these two came to symbolize the Brain Trust, the professor in action. Soon there was painful friction and the discrediting of a group which, properly sequestered, could have been extremely valuable.

That Mr. Roosevelt eventually became aware of his mistake is evidenced by the fact that while he still has a very active and very powerful Brain Trust not one of its members is in a position where he is constantly in the public eye, and very few have strictly executive jobs at all.

Despite the essential error of catapulting academic advisers into the field of action, Mr. Roosevelt in the three months after his inauguration found in this young, enthusiastic coterie all he had hoped to find. It gave him the backlog of enthusiasm he needed in a time when the order was action, action and more action. It gave him a vast fund of technical information upon which to draw, and a variety of academically expert opinions to compare as he charted his course into an unknown sea.

Seldom had the nation witnessed such a brilliant display of sheer audacity, seldom had there been so spectacular an adaptation of the military technique to governmental procedure, as in the famous "Hundred Days." A dazed Congress, without a plan of its own, found itself suddenly subjected to a carefully timed barrage of bills designed to liquidate the immediate emergency and lay the groundwork for a new social and economic order. Unlike the unfortunate bungling of two years later, there was no haphazard shoveling in of a mass of highly important proposals to swamp a weary Legislature. Instead, there was a steady fire of individual proposals, carefully spaced to avoid confusion, each message followed immediately by the text of a bill to implement it. There was no attempt to conceal the fact that Congress was not initiating legislation but merely enacting it to order. This assumption of legislative powers by the Executive,

virtually unquestioned at the time, was later condoned on the ground that speed was of the essence, and that it mattered little who wrote the bills so long as the country was saved.

This same process, somewhat diffused and to a more limited degree, was followed again in 1934, though modified late in the session in the face of a heavy fire of criticism after the worst of the crisis had passed. By 1935 the President, outwardly and in most cases actually, had returned to the Legislature a semblance of its prerogatives. In a pre-election year it was impossible longer to ignore the cries of "usurpation" and "dictatorship" which came from the conservative Democrats as well as from the Republicans. But for the extraordinary session of 1933 there was but one course possible, and that was strong, swift, courageous action. Mr. Roosevelt may never again reach the apex of executive brilliance he attained in those few months; certainly he would be among the first to hope the occasion may never again arise.

The period of intense administrative activity that followed was not characterized by such smooth sailing. There were outbursts of pettiness, cavalry charges uphill and down the other side by General Johnson, magnificent gestures and feeble results. Not all feeble, but enough to make it clear that the President might be a king but he was no god. Roosevelt sat in the White House and planned, while Johnson scoured the country blaspheming the enemy, refusing to be harnessed. The period served, too, to bring out the many flaws in the hasty emergency laws that were railroaded in the Hundred Days.

In all these early laws, as in some later ones, there was evident a cavalier disregard of constitutional inhi-

bitious, bred partly of the emergency and partly, it now appears, by a deliberate desire to test that honored but somewhat muscle-bound instrument. It is a matter of common understanding that President Roosevelt and his counselors had few illusions about Title I of the National Industrial Recovery Act at the time it was introduced, and that Donald R. Richberg, general counsel of NRA, evaded court tests of the law as long as he was able on the theory that given enough time it would so embed itself in the national life that it could not expediently be overthrown.

As for the other laws of the Hundred Days, there was more room for honest doubt as to the interpretation the courts would place upon them, but the question of constitutionality kept coming up. Had this been true only of those emergency acts, it could have been attributed to Mr. Roosevelt's patriotic desire to save the day, and to that alone, but when the tendency to cut the corners carried over into 1934 and 1935 there could be no question of his purpose to stretch what he termed "our elastic Constitution" as far as it would stretch, always hoping that if it snapped back the impact would not be too painful.

In all fairness, Mr. Roosevelt had no ulterior motives, other than a desire to complete a program at all odds. It could be asked: "What is the Constitution? Is it that rosary of classic phrases which are subject to so wide a range of interpretation that John Marshall found it desirable to establish the Supreme Court as official and final interpreter? Or is it the varying interpretations placed upon it by a succession of men who have become Supreme Court justices? And what will be the Supreme Court's interpretation of it in any given in-

stance?" These questions could well be propounded in defense of Mr. Roosevelt's course up to May, 1935.

But from the date of the overthrow of the NRA by the Supreme Court on the basis of an academic interpretation of the commerce clause of the Constitution a fixed purpose was apparent to force the issue eventually to a crisis. If the Constitution was to be narrowly interpreted, then perhaps it was time to alter that document to fit changing national circumstances. That Mr. Roosevelt had arrived at this conclusion he made known in his famous "horse and buggy" address to the newspaper correspondents soon after the Schechter decision, when he described the import of the decision in relation to laws designed to affect all the people regardless of State lines. That he held fast to his purpose was shown with equal force when he exhorted a Congressional committee to approve a "little NRA" for the bituminous coal industry regardless of honest doubts as to the constitutionality of the bill. That he purposed to employ the issue later when the time was ripe was read into two of his utterances on Aug. 24, 1935, when he told the Young Democrats over the radio that rules were not necessarily sacred, and almost simultaneously requested Senate and House committees to work out a substitute for the NRA.

As Mr. Roosevelt began to move out of the morass of 1933, he began to find opposition arising, not only from the Republican ranks but also from the conservative wing of his own party. That he must have anticipated this surely cannot be doubted. The result of this return to a more nearly normal, partisan functioning, which began to be apparent in the 1934 session of Congress, gained momentum through the remainder of that year

and became really formidable in 1935, was to bring out the other side of the man. Roosevelt the Happy Warrior, who could view with a fatalistic grin whatever Colossus bestrode his path, was not and probably never will be lost, but Roosevelt the horse trader, the smart compromiser who could pull a long face and his adversary's leg at the same time, who could concede a minor point to win the major part of his objective, became more and more the man those close to him saw.

It would be difficult to make an accurate list of the legislative defeats he has suffered, because there was seldom any real certainty that he had been defeated. His two outstanding defeats were in the field of foreign relations, but at home there was always a question as to whether he had not, after all, achieved most of what he sought. One prominent exception was the destruction piecemeal of the Economy Act, partly at least through a succession of compromises on his part.

With the emergence of this phase appeared also Roosevelt the Fixer, the man who could find more ingenious solutions to "insoluble" problems than would have appeared possible. When George Peek became involved in an ugly fight within the Agricultural Adjustment Administration, and was on the verge of revolt, Mr. Roosevelt created a new job for him, with a high-sounding title and a couple of bank presidencies thrown in. When the administration of the Virgin Islands became a national stench, the Skipper moved one of the belligerents into a sinecure in Washington, and cold-bloodedly dismissed an expert penologist from the Federal Parole Board to make room for the other, a Mississippi judge with political

influence. When Secretary Ickes and Housing Administrator Moffett aired their mutual dislike in the public prints, he became hard-boiled and by long-distance telephone dictated a joint statement for them to issue which meant nothing but which put an end to an obscene public row.

It soon became apparent that from Mr. Roosevelt down this was an administration of opportunists. The President surrounded himself with opportunists, men who could work out ingenious schemes to fit his theses. Those who said that the President was "all right," but they did not like his advisers, failed to realize that he had personally selected those advisers and must be held accountable, beyond a certain point, for their official acts.

In years to come the memory of the undeniable personal charm, the recollection of the facile brilliance of intellect, the amazing buoyancy, the conquest over appalling difficulties, will remain. So will the record of essentially high motives, the desire to do good to his fellow-citizens, the many sound reforms instituted under the lash of the depression and the inspiration of a born leader.

Forgotten, except by those with long memories or a penchant for disillusioning research, will be the grinding friction that arose all too frequently from the clash of personalities in his ill-assorted official family; the terrible errors in judgment and administrative blunders on the part of mediocre assistants; the textbook technique of all too many in administrative posts who seemed to see their jobs as so many chess games and to forget human values. All these must, in some measure at least, be laid at the President's own door. They will sum up, to a large extent, into an unfortunate choice of deputies or, it may be, to a

tragic dearth of the sort of mobile intelligence and leadership necessary in a period of national transition.

It has been said and will be said of Mr. Roosevelt that he deliberately left out of consideration, in choosing his assistants and advisers, such national figures as Alfred E. Smith, John W. Davis, Owen D. Young, Newton D. Baker and Albert C. Ritchie. Yet not one of these men would have agreed with the Rooseveltian plans for a revised economy and a remodeled society. With all their capabilities, they would have been useless and unhappy in this administration so long as it followed the course that had been charted for it, and there appears no likelihood of change. The President was, in fact, driven to a choice from among the relatively obscure but intellectually more facile younger generation, and if there was a shortage of sound judgment there it was his misfortune. Not that he drew entirely from this class. Men like Homer S. Cummings do not seem to fit in this category, nor does Daniel C. Roper, whose presence in the Cabinet no one yet has been able to explain.

It is paradoxes of this sort that make it an almost hopeless task to essay a judicial appraisal of that brilliant bundle of paradoxes, Franklin D. Roosevelt. He has estranged radicals, whose early hope he was, and conservatives, whose support he would not scorn. He has been the despair of uncommitted observers who are essentially sympathetic and would like to see him succeed. As one said: "I favor nearly all the objectives of this administration, but I profoundly distrust its methods."

It is the opportunist note, more than any of his ideas or public acts, that has caused this partial estrangement. Reflections have been cast on

his sincerity; men have been led to believe one thing would happen and then have found the reverse to be the case. The desire to keep everybody satisfied for the moment, to avoid inconvenient friction in working out his plans, has led him on occasion to resort to certain extreme subtleties which have not endeared him to the victims. Again, many of these acts have been attributed to his assistants, but did not Mr. Roosevelt choose these assistants and endorse their public acts?

In spite of this scattering loss of faith, in spite of compromises, vacillations and occasional exhibitions of faint-heartedness, the President has attained, in one form or another, a large part of his ramified program for social and economic reconstruction, a program which attempts a delicate balance between capitalism and socialism. He has not always been particular about the ultimate form of the law, so long as it got safely on the statute books, but he has got his laws. The Supreme Court may nullify some more of them, and thereby hasten the ultimate issue of constitutional change, but they have been enacted, and Mr. Roosevelt is probably unique among Presidents in the amount of really revolutionary legislation he has had written into law in less than three years.

And his slogan is still "Forward—damn the torpedoes!" Congress goes home fretful and rebellious, with rumors of electoral disaffection in its ears. The Supreme Court girds itself for another joust with the New Deal. That other and greater tribunal, the President's own constituency, is already pondering the judgment it will pass in a little over a year. Mr. Roosevelt faces it with a gay smile: "Forward—damn the torpedoes!"

Nazi Economics at Work

By PAUL EINZIG*

EVER since the advent of the Hitler régime the situation and prospects of Germany have provided an inexhaustible topic of discussion and controversy. Is the régime likely to last? What will be the result of the outcome of the struggle between its conservative and radical supporters? Will Germany's foreign policy lead to another European war? Though these questions are essentially political, they cannot be answered adequately without full consideration of the economic background.

National Socialism in Germany stands or falls with the success or failure of the efforts to improve economic conditions. Chancellor Hitler attained power as a result of the deflationary crisis, and in the long run he can remain the ruler of Germany only if he can bring about recovery. The answer to the questions whether in domestic politics Germany will move to the Left or to the Right, and which side will prevail as between industrialists and bankers and other conservative elements on the one hand, and Nazi extremists on the other, largely depends upon economic considerations. Even the question of war and peace is to some extent connected with the economic evolution of National Socialist Germany.

The economic aspects of National Socialism are as highly controversial

as its political aspects. Has there been an economic recovery in Germany since 1933 and if so what have been its main causes? To what extent has Germany departed from laissez-faire capitalism? Is Germany heading toward an economic collapse? These and many other questions call for an answer in order to form judgment about the prospects of the new régime in Germany.

Economic recovery in Germany since the beginning of 1933 has undoubtedly gone further than in any other country. According to official statistics the number of unemployed has declined from about 6,000,000 to well under 2,000,000. Even if official figures received from present-day Germany should be taken with a grain of salt, the extent of trade revival has been spectacular. There is every evidence of increased industrial activity; in addition to the employment provided by public works and rearmament, business is stimulated also by the increased demand for goods by consumers. The banks have liquidated by far the greater part of the frozen credits inherited from the crisis of 1931. The government's expenditure on unemployment support has declined sharply, while taxation revenue has increased.

To some extent the improvement has been due to the world-wide recovery initiated by the suspension of the gold standard in the United States. All countries over the five continents have shared in this recovery with the exception of those which insisted upon

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continuing a self-torturing deflationary policy. Germany was not among them, and therefore she took her share in the benefit from the upward turn in the world trend. But this in itself accounts for only a fraction of her improvement. For the most part, it has been due to the unscrupulous and unorthodox economic and financial policy of the Hitler régime.

Nazi economic policy was unscrupulous because it brought about recovery at the expense of Germany's foreign creditors. It was unorthodox because to a high degree it violated the principles of *laissez-faire* and those of "sound" finance. Indeed, apart from Soviet Russia, there is no other country in which *laissez-faire* has been discarded so thoroughly as in Germany. Although Italy served as a model, the pupil in this case surpassed the teacher.

Public works schemes and rearmament on a large scale have been largely responsible for Germany's economic recovery. In the absence of reliable figures, extraordinary expenditures of this kind in Germany and in the United States cannot be compared, but it ought to be borne in mind that Germany launched her ambitious public works schemes when her gold reserve was practically exhausted and when the financial resources of her investors, already depleted by the inflation of 1923, were heavily reduced by the crisis of 1931. The United States and other countries which embarked upon public works schemes have been spending what they have possessed. Germany, on the other hand, has been spending non-existent billions. This fact in itself would justify placing Germany in the front rank of capitalist countries pursuing an unorthodox policy.

The National Socialist régime, however, went much further with its

highly unorthodox economics. Employment was created not only by means of public works and rearmament but also by much more artificial means. During 1933 industrial employers were simply called upon to re-engage a certain number of workmen. Whether or not they could be kept occupied, they had to be put on the payroll. Protests and complaints were of no avail. To encourage this artificial re-employment of additional workmen, manufacturers were ordered to use less efficient machinery requiring more help. Such a degree of interference with private business is entirely without precedent in a modern capitalist State. To find a precedent one has to go back to the guild system of the Middle Ages.

Most people were convinced that such an additional burden on industry would prove ruinous. Actually, it stimulated business, for the payment of the additional wages created additional purchasing power. If only a single employer had been compelled to engage a thousand workmen he did not want he would doubtless have been ruined, for he would have had to bear the full burden of the wages of a thousand unnecessary hands, while he would have benefited by their additional purchasing power only to an infinitesimal extent. But as a very large number of employers were forced to provide work for more men, in the end they obtained a fair share in the total increase of purchasing power. Highly artificial as was the revival of employment in the beginning, there was no longer any need by 1934 to resort to such arbitrary measures in order to reduce the number of the idle. Manufacturers were permitted to discard the less efficient machinery they were compelled to introduce and were no longer called upon to employ workmen they did not want.

In the meantime, the billions of marks spent on public works and rearmament went round and round in the circle of trade. Manufacturers and merchants were enabled to repay their frozen credits to the banks, and the banks were able to redeem their frozen bills from the Reichsbank and other institutions created for the purpose of carrying the crisis bills. Both government banks and commercial banks were thus placed in a position to finance the public works. Treasury bills had gradually taken the place of frozen commercial bills. The financing of public works and rearmament went on, therefore, without a hitch. There was no need to resort to crude measures of currency inflation in order to cover the huge deficit of the Reich.

Dr. Schacht, president of the Reichsbank and Minister of National Economy, in his speech at Koenigsberg on Aug. 18 stated that Germany had been able to finance her public works because she was an authoritarian State, whereas under a parliamentary system it would have been impossible to carry out that task. There is much truth in this remark. Germany's budgetary deficit is probably much larger than that of France, but nothing is said about it in the German press or in public speeches. In France whenever Parliament discusses the budgetary deficit there is bound to be a Cabinet crisis and a financial panic. But even if the German deficit is not discussed in public, that does not mean that the problem does not exist. After all, even dictators are subject to the rules of arithmetic.

If the German Treasury requires additional funds, the resources of banks, savings banks, insurance companies and other financial institutions are simply commandeered. This is what happened in January, 1935,

when the savings banks were called upon to take over a loan of 500,000,000 reichsmarks. Subsequently the insurance companies were ordered to take over a similar amount. Admittedly, the resources of these institutions are by no means inexhaustible. But as the money is spent immediately, it returns in the ordinary course to the source from which it was borrowed. This was actually the result in the case of the savings banks, whose deposits have increased since the beginning of 1935 by rather more than the 500,000,000 reichsmarks borrowed by the government. In fact, in August the Treasury was able to repeat the operation and ordered the savings banks to take over another 500,000,000 reichsmarks.

In consequence of the unorthodox policy adopted, a trade revival was initiated which apparently continues to feed itself. The question is, can it go on indefinitely? Is there no likelihood of a break in this vicious circle? The whole improvement appears to be quite unnatural to those brought up on the teachings of conventional nineteenth-century economics. Ever since the first signs of recovery in Germany became noticeable, gloomy prophecies have not been lacking in other countries as to the inevitability of collapse. But there was no exact definition of what was meant by "collapse."

If all that the prophets referred to was that Germany would default on her foreign debt, they have been amply justified by events. But default on foreign debts, deplorable as it is in the eyes of creditors, is not in itself collapse. If the prophets meant by collapse a depreciation of the reichsmark, events have not quite justified their pessimism. The reichsmark is still at its old parity, and from time to time it appreciates to such an extent as to cause an influx of gold from France

and Holland. It is true that there are registered marks, credit marks, security marks and other kinds of blocked marks which are at a heavy discount, but, from the point of view of the majority of the German public, the rate at which these blocked marks are quoted is of no great importance. If the pessimists who predicted the doom of Germany meant an internal collapse, then they were utterly wrong.

Much as we may dislike admitting it, economic conditions under the Hitler régime have continued to improve. Minor relapses and seasonal fluctuations apart, the trend of trade in Germany has been consistently on the upward grade ever since the beginning of 1933.

Even the anticipations of the supporters of the National Socialist régime have been outdone by the extent of the recovery. Some of them, brought up in the old school, viewed the unorthodox economic policy with profound distrust. Dr. Schacht himself was decidedly against the lavish expenditure on public works and rearmament. The story goes that when his protest against unsound finance was of no avail and he threatened to resign, Chancellor Hitler told him that the alternative to the presidency of the Reichsbank was the concentration camp. Thereupon Dr. Schacht had to accept a policy of which he disapproved, but which he has carried out with absolute loyalty and with remarkable efficiency. Curiously enough, both in Germany and Italy, where Dr. Alberto Beneduce holds the key position in the execution of Fascist economic policy, the economic affairs of the régime are handled by experts who do not believe in the policy which they have to put into operation, and who nevertheless make a success of their task.

Not without reason were Dr.

Schacht and other orthodox experts doubtful about the success of the National Socialist economic policy. There was a danger of its collapse as a result of the international repercussions of the internal recovery. Indeed, those in responsible positions in Germany had some very anxious months toward the end of 1934. The internal boomlet tended to raise domestic prices, and this unfavorably affected Germany's capacity to export. At the same time, raw material imports had to be increased owing to the larger requirements of home industries. The result was an adverse trade balance. Germany thus ceased to be able to pay her foreign debts.

When Germany ruthlessly sacrificed her foreign creditors for the sake of the internal recovery, she was no longer able to buy goods abroad on a credit basis. During the second half of 1934 it became increasingly difficult to get the raw materials required by German industries, and fears of a shortage led to hasty purchases by consumers of goods of every kind. While this stimulated the trade revival, it also accentuated the rising tendency of the price level. Owing to the unfavorable effects of this development upon German exports, there was a danger that the recovery might come to an abrupt end because of the shortage of raw materials. In fact, a number of factories had to reduce their activities owing to the inadequate supply of raw materials. This would have led to a relapse, but the government intervened once more, forbidding the industrialists to dismiss any workmen on the ground of raw material shortage.

The German authorities took indeed drastic measures to that end. The whole import trade was brought under government control so as to prevent the waste of foreign exchange resources upon unnecessary imports.

The government endeavored to place Germany's trade relations with foreign countries on the basis of exchange clearing and compensation agreements. The application of that system made foreign countries realize that in order to be able to sell to Germany and be paid for their exports, they had to import German goods. It was not easy to operate the system, since German goods were too expensive. Dr. Schacht succeeded, however, in tiding the country over this critical period.

In order to facilitate the task of providing for the country's raw material requirements, the government again resorted to drastic interference with private business. On Dr. Schacht's initiative, a special levy was raised from home industries for the purpose of subsidizing exports. The argument was that, unless home industries which benefited by the internal boom were prepared to assist the export trade, the latter would not be able to sell enough goods to pay for the raw material imports indispensable for maintaining the internal recovery. This special levy was as unpopular among industrialists as were the earlier measures compelling them to employ unnecessary workmen. But they had to put up with it, and while at the time of writing it is premature to estimate the results of the new arrangement, the danger of a raw material shortage has apparently been overcome. Although Germany cannot export enough to pay her foreign debts, she is by hook or crook selling sufficient goods abroad to meet her raw material requirements.

Another source of danger was mentioned by Dr. Schacht in his Koenigsberg speech. The financing of extraordinary government expenditure, he pointed out, could go on only so long as the public had confidence in the

financial stability of the country. If, for some reason, the money spent by the government failed to return to the banks, they would be unable to lend it once more to the Treasury. In that case the government would be confronted with the dilemma of either financing its public works and rearmament by crude currency inflation or reducing the amount spent for these purposes. In either case trouble would inevitably arise. There is, however, no likelihood of a loss of confidence. While in France political instability is the main cause of the periodical waves of distrust, Germany is politically stable and filled with enthusiasm for the regeneration of the nation. In any case, owing to the existence of censorship—even Dr. Schacht's speech was released for the German press only in an abridged form—criticism that might cause uneasiness does not exist in Germany.

According to Dr. Schacht, the main argument against the devaluation of the reichsmark is that it would undermine confidence, and would therefore wreck the government's economic policy. In reality, experience has repeatedly shown that devaluation or depreciation of a currency, far from causing a panic, is the best way to bring it to an end. This was the experience of Great Britain, Japan, the Union of South Africa, the United States and, quite recently, Belgium. There is no reason to suppose it would be otherwise in Germany. On the contrary, prolonged resistance to devaluation might undermine confidence in financial stability in Germany.

German economic evolution is undoubtedly tending toward increased State control. Without aiming at State ownership of the means of production, the Nazi régime believes in intervention to regulate business activity in accordance with public interest. In the

course of the last three years the government did not hesitate to compel private enterprise to take or abstain from certain actions. The object is that production and trade should regulate themselves with the aid of corporations, and that the State should confine itself to the rôle of supreme arbitrator. But the full development of the corporate State is in the uncertain future, and meanwhile the government intervenes directly.

The improvement of trade in Germany has strengthened the position of industrial interests. Yet they are as far as ever from controlling the National Socialist State. As in Italy, so in Germany, the movement which was originally financed by industrialists as a means of fighting communism and socialism did not remain under their control. Some leading industrialists, in fact, complain that they are little more than paid managers in their own enterprises. Should the extremist elements in the National Socialist party gain the upper hand, the fate of industrialists would not be much better than under a Communist régime, and a good deal worse than it was under the Weimar republic.

The chances are that the balance of power in Germany will be held by the military caste during the coming year. The Reichswehr would not tolerate any development that under the cloak of radical National Socialism would virtually amount to communism. On the other hand, the military caste is not likely to become the tool of industrialists. In pre-war Germany the object of militarism was to serve the interests of industrial expansion. In present-day Germany, on the other hand, the object of industrial development is to serve the interest of the military super-State that is being created. One reason why discipline in the

economic sphere has produced such satisfactory results in Germany is that the Germans are essentially a disciplined nation. Prussian military discipline, instead of being confined to the barracks, is now being applied to the economic system.

Whether or not the economic recovery continues in Germany, State interference has come to stay. While in countries with parliamentary democracy it is considered purely temporary and is tolerated only because of abnormal conditions, in National Socialist Germany it now constitutes the fundamental principle of the official policy. The only difference a substantial economic improvement would make is to rule out the possibility of the balance of power shifting toward the Left. The business world would have to submit to dictation, but it would come from conservative and not radical quarters.

Opinions are divided as to the influence of Germany's economic recovery upon the prospects of peace. According to some, the more conditions in Germany improve, the better able is she to accelerate her rearmament and bring nearer the day when she will consider herself strong enough to realize her ambitions. Others hold that the improvement of German economic conditions and the government's ability to meet raw material requirements will reduce the chances of another war, since a prosperous nation is not likely to risk her existence in an adventure the outcome of which would be highly uncertain. Unfortunately, the first argument appears to be more convincing. Prosperity in 1914 did not prevent Germany from plunging the world into a war. As far as world peace is concerned, there is every reason, therefore, to view the economic recovery of Germany with apprehension.

New England Interlude

By FRANCIS BROWN

NEW ENGLAND as the Autumn of 1935 opens is unhappy about the things that are. It is worried about certain weaknesses of its own, and deeply stirred by recent developments in the nation. For all this it blames the Roosevelt administration, which, so it is contended, has violated principles long cherished in New England the while it has wounded the pride of a section that was never noted for humility.

A year hence, if the prophecy of political observers is not faulty, New England will have its revenge. The recent by-election in Rhode Island was only a portent. Such is the conclusion of both Republicans and Democrats who sense the temper of the six States that lie east of the Hudson. One does not have to be long in this region to uncover the dislike for the New Deal and all its works. Biting criticism drops from the lips of farmers as well as business men. It leaps from the editorial pages of the press. It is shouted from the public platform.

Much, of course, can happen within a year, and even now it is not easy to plumb the minds of the masses. Though less vocal, it is a safe guess that they still feel Mr. Roosevelt is fighting their battles. A Boston taxi driver perhaps expressed a general feeling with his response to a query about the President: "I ain't heard nothin' said against him yet." The way this driver and his intimates mark their ballots in November, 1936, may confound the prophets.

Nevertheless, the general mood of the section is one of hostility to the

New Deal. The reasons are not far to seek. As one rides through the beautiful New England countryside with its well-kept fields, its trim, white farmhouses and story-book villages the atmosphere is altogether one of calm and ease and comfort. Nowhere else in America is life so outwardly idyllic as in the narrow valleys of the Yankee commonwealths and along the rugged coastal plain. Towns and cities are busy; the roads are crowded with motorists; the resorts have had a good season. Surely thrift and industry have brought New England to a position that all America might envy.

The idyl, however, is more apparent than real. A brief trip through the industrialized areas of these States reveals that New England is caught in the meshes of economic change. The textile industry, after ailing for a generation, now lies desperately sick. Mills have been moving from the Blackstone and Merrimac Valleys for years, but their removal has been hastened by the hard times since 1930. In town after town one passes the brick factories which once with bell or whistle summoned hundreds of workers to the looms. Today the looms are silent and the mills stand deserted, their windows broken or boarded up, their chimneys smokeless.

North of Boston is the Merrimac River Valley, where once centred the cotton textile industry of America. At Lowell, a city founded on textiles and within the decade the leading producer of cotton fabrics in the United States, stand idle mills. Too often

there is the sign: "This Factory for Sale." Empty tenement houses are frequent, while unkempt dooryards bear witness to the sorry times that have come upon the citizens.

Further up the river and across the border in New Hampshire is Manchester, where the Amoskeag Manufacturing Company, in the course of more than a hundred years, built what was generally regarded as the world's largest cotton textile plant. At the height of its prosperity the Amoskeag employed more than 15,000 workers in the many units that line both sides of the Merrimac. Most of these units have been shut down; a mere handful of workers, perhaps 2,000, answer the mill whistle; and in every mind is the question, "When will the whistle be heard for the last time?"

While the New Deal is certainly not responsible for what is happening in Lowell and Manchester and other textile cities, it has done little to relieve their distress. Southern competition, long the chief worry of the New England mills, has only been heightened by recent events. The NRA wage differentials, for example, bit into the possible profits of the Northern mills, while the processing tax, levied to assist the Southern cotton-grower, seemed to make sure that there would be only red ledgers in Lowell or Manchester. Much of the talk against the processing tax is bluster on the part of the operators, but it has raised a belief in the public mind that the Roosevelt administration is hostile to New England's basic industry.

What New Englanders seldom point out in public is that many plants are antiquated, that methods of selling are often inefficient. That is a penalty of plants run by family trusts or by incompetent sons. It is the penalty also of letting tradition impede progress, of retaining in control men whose

foresight and initiative have been restricted by age. Too often, moreover, New Englanders forget that their mills are isolated from the great centres of American business, and especially so since the tide of trade turned West and South.

It is not only cotton textiles that are having a hard time. The shoe industry has shifted its centre from Lynn or Brockton to St. Louis, and while shoes are still manufactured in quantity, enough factories have left New England so that colonies of stranded workers can be found in the former shoe cities. Papermaking has likewise declined; silk mills have closed. In town after town the same story is repeated over and over again: "Our mills have moved away."

When added to the persistence of the depression, these conditions have given rise to a good deal of unemployment, with relief rolls that seem to grow without end. Whether or not the jobless bear a grudge against the New Deal because it has not given them permanent work is a moot point. In any event, the more fortunate are distressed by the vastness of relief—not only by the obvious necessity for it, but by the way in which it is handled. They attack the Roosevelt administration for its wastefulness on relief projects, for the politics which, it is insisted, creep into relief, for the wage-scales on relief work.

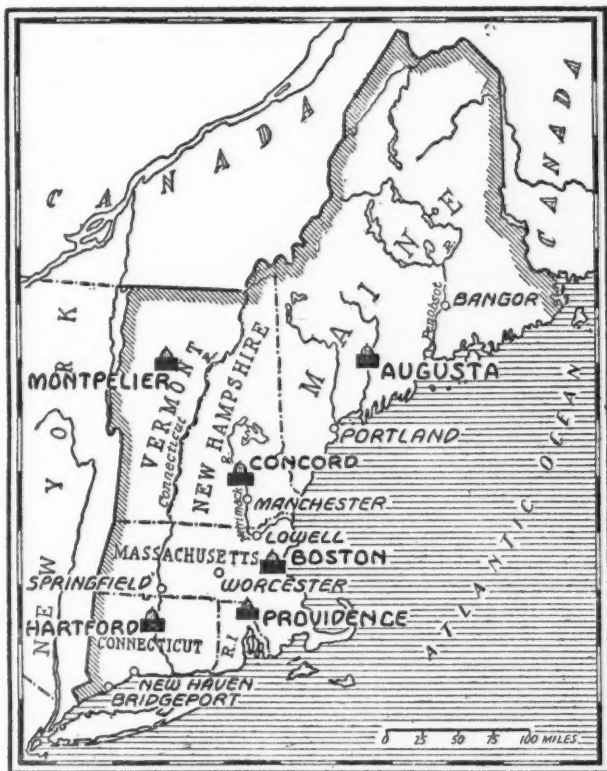
Relief is destroying individual initiative, New Englanders assert, and it does run counter to the revered belief that to be on the town is to be disgraced. It is the source of abuse and extravagance. Yet these critics might do well to note that social unrest is almost totally absent and that except for the spread of Townsend Clubs no unconventional ideas, Marxian or otherwise, have taken root in the soil of the Puritans.

If one leaves the urban areas of New England and travels through the farming sections one encounters a good deal of resentment against the New Deal. Much of this is political, for the Yankee farmer is staunch in his Republicanism, so staunch that since the Civil War he has seldom been able to see anything good in the party now represented by Franklin D. Roosevelt.

Not many farmers have come into direct contact with New Deal measures. Some have refinanced their debts through government agencies; the tobacco growers of the Connecticut Valley have enjoyed AAA payments.

But even those who have benefited in some degree from the New Deal are not grateful. Refinancing has made few friends, and the AAA checks have been too small to compensate for the low prices brought by the sale of crops. In addition, most farmers regard curtailment of production as criminal defiance of natural laws. So it is that farmers ask only to be left alone and that they view with distaste the new Warren Potato Act.

Farmers and city dwellers alike are antagonistic to the large-scale spending of the Roosevelt administration. That instead of scrimping and saving in hard times, a government should spend with a prodigal hand is beyond the comprehension of most Yankees. They do not understand the need, for



The States of New England

it is contrary to all they have been taught to believe. Frugality and thrift have always been principles in this part of the country, and while these may have been more often honored in the breach than in the observance, still they have commanded general respect. Out of this sentiment a large amount of political capital can be manufactured.

The Yankee's characteristic of saving has stood him in good stead both yesterday and today. It has aided him in the past and now eases the stress of economic decline. That is why New England presents so cheerful a face, a face that does not reveal the canker gnawing within. And somehow, though the years are lean, the Yankee continues to lay a little aside for the mor-

row, for in many New England towns bankers report a steady increase in savings deposits.

This back-log may go far toward explaining the Yankee's amazing hopefulness. He is worried about the future, bewildered by all that is happening, and yet he is at the same time optimistic. The paradox becomes more understandable when the self-insurance in the form of bank accounts is recalled. There are, of course, other reasons. Among them are the lessons that New England has learned in the three centuries of her history.

In this long period the Yankee has weathered all sorts of economic storms; he has taken them as they have come, confident that ultimately the sun would shine again, even though it might be on an altered world. The New Englander has watched shipping and shipbuilding all but die. He has seen lumbering and the log drives that used to be a picturesque feature of New England river life almost disappear. The tanneries and wood-working plants and woolen mills that gave life to rural communities closed and tumbled into ruin. Sheep that once made Vermont wool world-famous left the highland pastures, while agriculture drooped after the Erie Canal brought the Middle West into competition.

All this the New Englander remembers. He could not forget it if he would, for abandoned farms and rotting mills confront him whenever he pushes into the countryside. But while he remembers what has been, he also recalls that each period of decline has been followed by a period of resurgence. Why presume that present distress must be permanent?

Those who take such a stand do not speak without book. New Hampshire, for example, has gone out of its way—

and successfully—to draw Summer and Winter tourists to its White Mountains, to its lakes, to its rolling country. That is why the license plates of other States are so prominent on its highways, and why at a rural farmhouse you may buy lodging, board, hooked rugs or antiques. The rest of New England is doing no less than New Hampshire to attract the visitor in the belief that the money spent, whether at a luxurious mountain hotel or at a wayside filling station, will compensate for the flow of funds that has ceased since New England's products dwindled in national and world trade.

There is also a strong likelihood that New England may find a way out through small-scale manufactures. It is notable that at present many prosperous industries are small-scale; even the smaller textile mills have withstood Southern competition. Perhaps the making of other goods—furniture, silverware, woolens—can be expanded through small, independent manufacture. Handicraft industry is looked to by some as a basis for a stable economy, and it is true that under the spur of relief directors handicrafts have in certain sections been raised to a profitable level.

Whether this sort of thing can absorb the workers displaced by the fundamental changes now occurring in New England no one knows. But there is hope. And it must not be forgotten that with all the troubles afflicting this section, it is still a busy region where many industries, the metal-working for example, show profits, where a great city like Boston is humming with activity.

There is another view to be considered. New England is old. It has sent its capital no less than its sons to all parts of the world. Payments

on these investments trickle back regularly, not as regularly as in the past, but enough so that a large number of New Englanders have a buying-power that is based upon dividends. In this characteristic New England resembles Old England in the period before the World War.

Such are the tangibles and intangibles underlying New England's optimism, an optimism that has traveled the grape-vine throughout America until the unemployed have turned their faces toward the industrial cities of Connecticut and the golden dome of the State House at Boston. On the Common before that Bulfinch masterpiece the jobless gather by the hundreds. They have come from New York, from Philadelphia and even from the West Coast, for they have heard that there are jobs in New England. Mostly they have been disappointed, and yet some when interviewed declare that "all the guys here expect to find work pretty soon."

On the surface it may appear strange that New England, in which not so long ago flowered all sorts of social experiments and reform legislation, should today look askance at change. The reason is due in part, of course, to the region's economic troubles. Perhaps it is due even more to the alien invasion that has thrown the older stock on the defensive. In Connecticut, Rhode Island and Massachusetts, where a quarter of the population is foreign-born, the presence of Irish, French Canadians, Italians, Poles, Portuguese, Greeks and a half dozen other nationalities has upset the social structure. It has among other things brought both racial and re-

ligious antagonism into Protestant, Anglo-Saxon communities.

No longer can the descendants of men who were sympathetic toward the Abolitionists, toward Brook Farm, toward Unitarianism permit themselves to consider such liberal or reform movements. Nor can industry afford the advanced legislation that gave Massachusetts leadership in the writing of factory codes. Instead, the older stock—and this holds whether individuals are rich or poor—are striving to maintain their historic supremacy, of which in certain sections little but social prestige is left.

New England, having dropped its rôle of the crusader, thinks today primarily of its own problems. Falling back upon the lessons it has learned in the past, it tries to apply them to the present. But so far it has failed to find a wholly satisfactory answer. As to the solutions prescribed for the nation's difficulties, New England does not understand them, and does not make much effort to do so.

New England's attitude is not quite consistent. In its hostility to the New Deal are combined the wish to be left alone and the wish to receive more from a paternalistic government. The Yankees think that they are not receiving their share of PWA allotments and WPA funds; yet they attack the Roosevelt administration for its expenditures. Perhaps the fact is that New Englanders think no more clearly than do other peoples, and that the rapidity of change in the modern world has left one of America's oldest sections somewhat bewildered. Perhaps, also, New England is too old to alter its habits without protest.

The Fall of King Cotton

By HENRY HAZLITT*

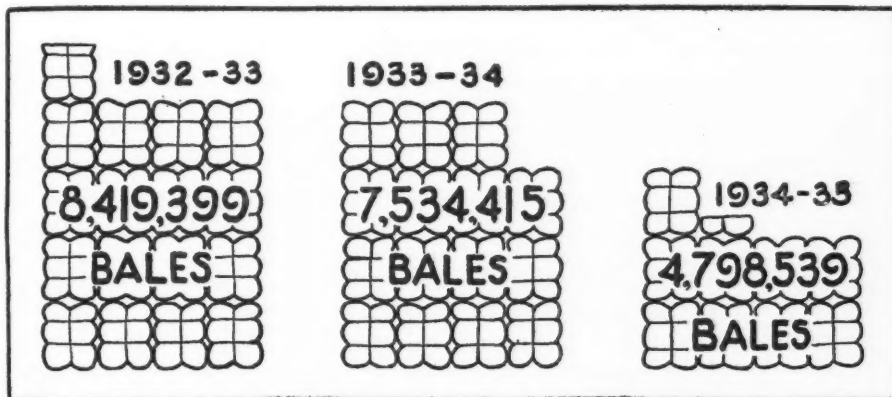
ONE would have supposed that before the American experiment in cotton control was begun, thought would have been given to the failure of the British rubber restriction plan, of the attempt of the Brazilian Government to bolster the price of coffee and of the Japanese Government to prop up the price of silk. But those who cannot remember the past, as Santayana has remarked, are condemned to repeat it. And so we set forth on our great adventure in cotton.

That adventure did not begin with the Roosevelt administration. In December, 1923, cotton had reached an average price of 36 cents a pound. From that point it declined to an average of 15 cents in the 1926-27 crop year, reached 20 cents again in the 1928-29 year, and remained at an average of 19 cents in the 1929-30 year. But the planters remembered 36 cent cotton, so these prices did not at the time seem very satisfactory. In October, 1929, therefore, the Federal Farm Board announced that it would make loans of 16 cents a pound to cotton cooperative marketing associations. Cotton was then selling at 17 1-3 cents, a price considered so low that the board thought its action "justified as a means of preventing a threatened demoralization of the cotton market in a critical juncture for the cotton growers and the general business situation."

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In spite of the Farm Board loans, cotton in February, 1930, fell below 16 cents a pound. Many of the cooperatives, dissatisfied with the price they had to take, bought "futures" when they sold the cotton they were holding. When these futures matured they faced a loss. Instead of taking it, they called for delivery of the cotton. The Cotton Stabilization Corporation was then formed in June, 1930, under the auspices of the government's Federal Farm Board, and took over the stocks of cotton acquired by the cooperatives. Within a short time it had 1,300,000 bales on its hands. Notwithstanding all this governmental assistance, the price of cotton had collapsed by June, 1932, to a low price of 4.6 cents a pound. The government's losses through the activities of the Federal Farm Board, not merely on cotton but on its wheat and other transactions, were recently reported by a special Senate subcommittee at \$345,000,000.

The farmers' income from cotton had fallen from \$1,535,000,000 in 1928 to \$484,000,000 in 1932. The amount of American cotton carried over from the previous year, which would normally have been from 5,000,000 to 6,000,000 bales, was 12,960,000 bales, an amount equal to an entire year's normal crop. In 1933 the situation had not greatly improved. On Aug. 1 of that year the amount of cotton carried over was 11,588,000 bales. But because there had been a slight improvement in prices over 1932, because there were hopes of a



Total exports to all foreign countries of domestic unmanufactured cotton from the United States. The period in each case is from Aug. 1 to the following July 31

business recovery, and partly, perhaps, because of a belief that "something would be done for cotton," farmers expanded their plantings in the Spring of 1933 by 12 per cent.

It was in this period that the Agricultural Adjustment Act was going through Congress, to become law on May 12, 1933. Its purpose was to control crops and enable the farmers to get a "fair" price for their product. A fair price was defined as one that would enable the farmer to buy as much of other things with a bushel of wheat or a bale of cotton as he could in the period from 1909 to 1914. This price was called "parity."

In June, hardly more than a month after the act was passed, the government began a campaign to get the farmers to plow under part of the cotton they had already planted. Growers were asked to take out of production not less than a fourth or more than a half of their acreage. For every acre withdrawn they were offered cash payments of from \$6 to \$12—according to the amount of cotton which that acre might otherwise have yielded—plus options to buy government-owned cotton at 6 cents a pound. Instead of this they could take a

straight cash payment, without options, of \$7 to \$20 an acre. The cotton on which options were granted represented for the most part what the old Federal Farm Board had acquired in its "stabilization" purchases.

The government was successful in removing from production about 10,400,000 acres—approximately a fourth of the amount planted—which, it was estimated, might have yielded more than 4,000,000 bales. Nevertheless, the cotton crop in 1933 turned out to be actually larger than the 1932 crop—13,047,000 bales as compared with 13,001,000.

This does not mean that the reduction plan was entirely unsuccessful. It had at least succeeded in nullifying the effects of the original increase in plantings. Moreover, the crop would undoubtedly have been smaller on the reduced acreage if it had not been for the very favorable weather and growing conditions in 1933. There were additional factors, hard to calculate. Restricted to a smaller acreage, some farmers were using more fertilizer. The United States imported 1,225,000 tons of fertilizers in 1933, compared with 870,000 in the year before. Further, it is a fair assumption that it

was the poorest acreage of individual farms that was plowed under. Finally, the smaller planted acreage probably received better care than otherwise.

In spite of the large yield the price of cotton improved, but not enough to satisfy the planters. In September, 1933, when the staple was selling a little above 9 cents a pound, they began clamoring either for inflation or a minimum price of 15 cents. In response to this demand the administration agreed in October to make loans on cotton at 10 cents a pound. The loans were made without recourse on the borrower. If the price rose above that figure, in other words, the farmer could sell his cotton and pocket the difference; if it fell below, he could leave his cotton with the government—in this case represented by the Commodity Credit Corporation—and let the government take the loss. As it happened, this particular venture turned out reasonably well. The corporation advanced loans on 1,925,000 bales of the 1933 crop. Since prices later rose well above 10 cents nearly all these loans were paid off.

But in view of the large 1933 crop it was felt that a more certain and drastic method was needed for curtailing production. The carry-over at the beginning of the 1933-34 season had been reduced by not much more than 1,000,000 bales. Prices were still below "parity." The AAA decided to restrict 1934 plantings to 25,000,000 acres—40 per cent below the average planted during the five-year period 1928 to 1932. Slightly more than 1,000,000 farmers, representing 88 per cent of the acreage planted in the 1928-1932 period, agreed to cooperate in the program and sign the government's proffered contract. But the fear arose that the farmers who did not sign would take advantage of the

situation to increase their plantings. Agitation developed for a compulsory restriction of production. A vote was taken by the AAA among the producers which showed that they favored such a program overwhelmingly.

Thereupon Congress passed the Bankhead Cotton Control Bill, which became law on April 21, 1934. This law fixed a cotton production quota for 1934 of 10,000,000 500-pound bales. This quota was to be apportioned among the individual States, counties and farmers. Any cotton raised in excess of that amount was subjected to a punitive tax of 50 per cent of the prevailing average market price. Each farmer was presented with tax-exemption certificates covering the amount of his allotment. The tax was to be paid at the time the cotton was ginned. Under this plan a real reduction of the cotton crop was effected. It fell in 1934 to 9,731,000 bales—the smallest since 1921 and, with that exception, since 1901.

The cotton program has undoubtedly improved temporarily the position of the growers. The farm value of the 1932 cotton crop was \$484,000,000. The farm value of the 1933 crop, with the improvement of prices to about 10 cents a pound, was \$717,000,000. The benefit payments by the government to the cotton farmers in 1933 added another \$163,000,000 to make a total of \$880,000,000. The farm value of the 1934 cotton crop was \$756,000,000. Benefit payments of \$117,000,000 brought the cotton farmers' total income in that year to \$873,000,000—nearly double that of 1932.

The crop reduction program, however, even the combination of crop reduction and benefit payments, cannot be given sole credit for this income improvement. Part of the higher price of cotton since 1932 has un-

doubtedly been the result of the devaluation of the dollar. Cotton is an international commodity, and in the years before the depression we normally exported about 55 per cent of our entire crop. When the dollar sank to 59 per cent of its former parity, foreigners were able to buy it at an increasing discount in terms of their currencies, a discount finally as large as 41 per cent. This made the price of American cotton more attractive and led to its almost immediate bidding up. Spot cotton jumped from an average of 6 cents in January, 1933, to 10½ cents in July of that year, a price no lower than that at the end of August, 1935, after more than two years of control programs.

The other cause of higher cotton prices, in addition to the crop reduction program, has been the government loan policy. The government successfully extricated itself from its 10-cents-a-pound loans on the 1933 crop. But when the 1934 crop came on the market, the AAA yielded to the widespread demands for loans at 12 cents a pound. These loans also were made without recourse on the borrower. The government, in other words, was guaranteeing the farmer a price of 12 cents a pound. If the price went above that, he could still take the profit; if it fell below, the taxpayer would obligingly take the loss.

As a result of this loan policy, the government found itself obliged to take over nearly 50 per cent of the 1934 crop. It now holds altogether about 6,000,000 bales, and its total investment is \$400,000,000. If the Commodity Credit Corporation sold now, it would have to absorb a substantial loss, as the old Farm Board did. But a much more serious result of the policy is that it pegged American cotton at an artificial price com-

pared with that of other countries. Foreign buyers have therefore turned to other cotton, and American exports of the staple have dropped ominously. In the crop season from Aug. 1, 1932, to July 31, 1933, those exports amounted to 8,400,000 bales. In the 1933-34 year they fell to 7,500,000 bales. In the 1934-35 year they were down to 4,800,000 bales. The decline in the crop year just ended was thus 36 per cent compared with the year before, and 43 percent compared with two years ago.

What has happened to American exports to other countries? The following table shows the average number of bales exported yearly to our five leading customers in the four crop years ended July 31, 1934, the number in the 1934-35 crop year just ended, and the percentage of that year's exports to the average:

	EXPORTS IN BALES		Per cent 1935 to 4-yr. avg.
	1931-34. yearly avg.	1934-35	
All countries.....	7,855,000	4,799,000	61
Japan	1,778,000	1,524,000	86
United Kingdom.....	1,292,000	738,000	57
Germany	1,594,000	342,000	21
France	738,000	373,000	51
Italy	645,000	474,000	74

The drop in the purchases of raw cotton from us by foreign countries cannot be set down merely to a general decline in world consumption. It reflects a real substitution. Thus the world consumption of American and foreign cotton has run, in number of bales, as follows:

Season	American	Foreign	P. C. Amer. to Foreign
1931-32..	12,506,000	10,501,000	119
1932-33..	14,405,000	10,347,000	140
1933-34..	13,680,000	11,792,000	116
1934-35*.	11,314,000	14,150,000	80

*Preliminary figures.

This substitution would probably have been more thorough had it not been for a technical factor. Spinning machinery must be adapted to a particular type of raw cotton. For ex-

ample, American is a medium staple cotton, Egyptian a fine or long staple cotton, and Indian a short staple cotton. Spinning machinery must be altered or replaced to take care of different kinds of cotton. This change is expensive. Once it is made, however, it tends to be a permanent one. Foreign spinners who have been taking American cotton may be willing to pay a premium for it if the premium is not too great and if they do not believe it will continue for a long period. But once they become convinced that the premium will continue they will undoubtedly begin altering their machines on a wholesale scale to take other cotton.

The American restriction program has tended to stimulate the raising of cotton in other parts of the world. The following table shows the world production of cotton, that for the United States, and that for the next five leading cotton-producing countries, for a series of years:

cotton growers. The Brazilian Government in particular has been encouraging the growth of cotton; it operates experimental stations, teaches scientific cotton growing, and distributes free seeds. One reason for the collapse of the Brazilian coffee valorization scheme is that when Brazil arranged loans to hold her coffee off the market other countries, notably Colombia, began to expand their production. Now we, imitating Brazil's ill-fated policy, have presented her with a similar opportunity, of which she appears to be taking full advantage.

As the American cotton crop for 1935 is expected to reach about 11,500,000 bales, the percentage of American to world cotton in the new year may be more favorable than last year. The production of foreign cotton, however, also shows signs of increasing. It has already reached record levels in the last two years. As compared with an average production of 11,004,000 bales in the preceding four years,

WORLD PRODUCTION OF COTTON (IN THOUSANDS OF BALES)

	Average 1926-27 to 1930-31	1931-32	1932-33	1933-34	1934-35*
World total.....	26,320	27,594	23,938	26,569	23,622
United States.....	14,834	17,095	13,001	13,047	9,636
Per cent of total.....	56.4	62.0	54.3	49.1	40.8
India	4,559	3,353	3,898	4,241	4,023
China	2,090	1,785	2,261	2,726	3,125
Egypt	1,600	1,323	1,028	1,777	1,566
Brazil	521	575	448	969	1,361
Russia	1,194	1,843	1,816	1,887	1,937

*Preliminary figures.

It will be noticed that, with the exception of India, every one of these outside countries has increased its production compared with the five-year average of 1926-27 to 1930-31. The increase in China has been 50 per cent, in Russia 62 per cent, in Brazil 161 per cent. It is this rate of increase in particular foreign countries, much more than absolute amounts, that is significant of what the AAA program may eventually mean for American

foreign cotton production in 1933-34 was 13,053,000 bales and in 1934-35 12,869,000.

What has been the effect of the cotton program so far at home? As we have seen, the income of the cotton farmers as a group is higher. Their "purchasing power" has increased. This, of course, does not mean a net increase in the country's purchasing power. In so far as it has been achieved at the cost of textile mills

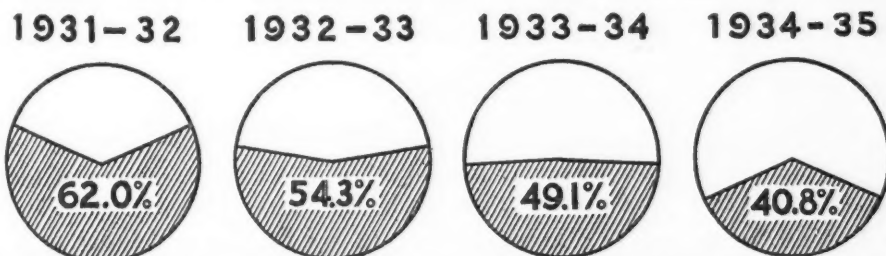
and consumers it has been a mere shift in purchasing power; and when the government has taken its losses on its cotton loans—barring inflation or a miracle—it will mean that the general taxpayer has lost in purchasing power what the cotton farmer has gained. But there are several secondary consequences of the program that indicate a net reduction in the national purchasing power.

A reduction of the crop has meant less freight to be carried by railroads and ships, less work for ginner and less demand for labor. Many observers are convinced that the poor "share-croppers" of the South, the tenants, who constitute about 60 per cent of the cotton growers, are on the whole worse off, as a result of inequities in the working of the program, than before the program was undertaken. Negro cotton pickers have been thrown out of work. Cotton has been the mainstay of the South's economy. Fifty-five per cent of it was normally sold outside of the United States. It accounted annually for nearly a fifth of the whole value of our exports. If in the end we lose our foreign markets in it and produce only for our own needs, reducing the crop to 45 per cent of its previous amount, what is to become of the Negro labor previously employed in picking the lost 55 per cent? Its competition will hardly be welcomed by workers in industry in either the South or the North.

The cotton reduction program has also reacted on the American textile industry. While all the present troubles of that industry cannot be ascribed to that program, the processing tax of 4.2 cents a pound has meant an additional cost of 35 per cent to the textile mills for their raw product on top of the doubling of price in the last two years. This has worked to increase prices and restrict consumption of cotton goods.

At the close of the recent session of Congress a significant incident occurred. Officials of the AAA, who had been outwardly complacent about the developments in the cotton program, decided that a retreat was called for, at least on the loan policy. They were convinced that to continue the 12-cent loans would merely compel the government to sink more hundreds of millions of dollars in carrying more millions of bales of cotton; that they would mean a continuation of the price differential in favor of foreign cottons and undermine our foreign markets still further.

On the other hand, the officials recognized the immense political difficulties of withdrawing a subsidy once bestowed. Such a subsidy comes to be regarded by the recipient as a natural and inalienable right. The AAA staff worked out an ingenious compromise. They would lend only 9 instead of 12 cents a pound. Thus if the world price of cotton were



The percentages show the United States' share of world cotton production since 1931

anywhere above 9 cents American cotton could move freely to world markets on a parity with other cottons. The price of American cotton, no longer propped up by the 12-cent loans, would break below that price, of course (though not below 9 cents), but they expected that. In return, they would guarantee the American farmer 12 cents a pound by paying him a direct subsidy. Thus he would be as well off as before. They proposed that at the end of the marketing season from Sept. 1 to Jan. 1 the farmers be paid, to the extent of their individual cotton allotments, the difference between 12 cents a pound and the average price of cotton during those four months.

This announcement was made a few days before Congress adjourned. Immediately the most vehement protests came from Senators from cotton-raising States. They said that a renewal of the 12-cent loan policy had been promised to them. They demanded its continuance. With the help of Senators from the wheat States, they attached an amendment to a deficiency bill making the 12-cent rate mandatory, together with government loans of 90 cents a bushel on wheat. This move was bought off at the last moment only by a compromise that allowed the wheat loan plan to be dropped altogether, but raised the promised government loan to 10 cents a pound on cotton and altered the basis of the subsidy to conform with daily variations in the market.

It may be doubted whether the cotton Senators did their constituents a real service by this move. If the world price of cotton is above 10 cents for this season, it may make no practical difference, but the rise of 1 cent in the loan figure merely reduces the chance of success for the new policy. If the

world price of cotton falls below 10 cents, the government will have to keep the cotton on which it has loaned. This will further increase its holdings and, more serious, will mean a continuance of the differential in favor of the foreign product, with its threat to our export markets and its stimulus to foreign growing.

The chief significance of this compromise is the light it throws upon the formidable political difficulty of retreating from a subsidy policy once initiated, not to speak of the pressure from other groups to extend similar subsidies to them. The great majority of the landlord growers, apparently, still believe that the cotton policy has been a beneficent one for them. They may read about our diminishing cotton exports; they may read of the expansion of cotton cultivation abroad. But these are statistics that seem to carry only an academic interest. They are selling all their cotton, if not to the market, then to the government. Twelve cents a pound is guaranteed. They are getting their government checks for any difference. They are getting, in addition, their rental payments for cotton acreage that they do not use.

But what will happen when they are rudely awakened from their dream? What will happen if the government sells its holdings, if the subsidies stop, if the flow of checks from Washington is no more, if the cotton adventure in government planning completes the cycle followed by the British rubber restriction plan, the Brazilian coffee plan, the Japanese silk plan—if the growers find themselves with their foreign markets gone or permanently shrunk, and a huge expansion of the world cotton supply that leaves the staple on a permanently lower price level?

Self-Rule for India

By H. B. LEES-SMITH*

THE new Government of India Act, which became law on Aug. 2, 1935, is the most far-reaching act of British policy since the Treaty of Versailles, for it establishes parliamentary government over one-fifth of the human race. It is the final summary of a series of commissions and round-table conferences which have extended over eight years. It expresses boldly the belief that the present period of reaction in Europe is only a passing phase, that democracy is suitable to Oriental peoples, even if the experiment in its early years is hedged around with all sorts of precautions and safeguards. Such a combination of boldness and apprehension is easily understood when we consider the complexity of the problem.

India is divided into a number of Provinces—Bombay, Madras, Bengal, the Punjab, the United Provinces, the Central Provinces, the North-West Frontier Province and others. They are inhabited by peoples of different races, different religions, with twelve different languages and over two hundred minor dialects. Over 90 per cent of this collection of peoples cannot read or write their names.

About one-seventh of the population belong to the depressed classes, or Untouchables. They are separated from the rest of the Hindu community, with whom there is no marriage nor social life of any kind. The touch of a large section of them or even the

passing of their shadow is pollution to the other castes. In the most extreme cases an Untouchable must leave the road if a high-caste Hindu is approaching and must shout to warn him of his presence.

In strict logic it is difficult to combine the demand of the Hindus for democratic government with their attitude to the depressed classes. Gandhi has appreciated this and has adopted as his daughter a girl from the depressed classes, and frequently refuses social invitations unless he can take friends from among the Untouchables with him. The Untouchables themselves have not caused much anxiety to the creators of the new Indian Constitution, for they are a weak and timorous group and not likely to menace the government.

The greatest difficulties have been caused by the other great minority, the Moslems. They number one-fifth of the population of India. They have the reputation of being less intellectual than the Hindus, but they claim that, if ever it comes to a contest of physical force, they will prove to have the largest proportion of the virile races. Geographically they occupy a strong strategic position. They are in a majority throughout the whole of the North-West Frontier Province, the Punjab and Kashmir. Just behind this area are the great Moslem States of Afghanistan and Baluchistan. This Moslem bloc covers a great tract of territory including the mountain passes through which the invaders of India have always come. The Moslems believe that, if India should ever become the theatre of a religious war,

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their inferiority in numbers would be counterbalanced by their fighting qualities and their strategic advantages. The more romantic among them dream of a great Moslem State in the northwest of India. The more realistic are satisfied with obtaining political control of this area, under the new Constitution, so that they can hold the minority of Hindus there as hostages for the proper treatment of Moslems elsewhere in India.

This was the state of affairs that met the commission under the chairmanship of Sir John Simon when it visited India seven years ago. The actual constitutional structure at that time, though complicated in detail, was simple in its broad outlines. In each of the Provinces and at the central government at Delhi there was a Legislature with a majority of popularly elected members. But while it could criticize and even hamper the administration, it could not control or displace it. This was because the administration consisted partly or wholly of British permanent officials who were the servants of the Secretary for India in London.

The commission proposed that the Cabinet in each Province should become directly dependent for its continuance in office on the support of the majority in the Legislature so that parliamentary government on the British model would be established. In the central government of all India, however, the commission recommended keeping the existing system of an administration not responsible to the Legislature on the ground that to establish parliamentary institutions in Provinces with such large populations as those of India was in itself a very radical step. The simultaneous setting up of parliamentary institutions for the central All-India government was regarded as a step that

would lead to inevitable disaster.

Both the moderates and extremists in the Indian nationalist movement unanimously rejected the Simon report. Opinion had moved so rapidly that provincial autonomy no longer satisfied the Nationalists, and they would accept nothing less than autonomy at the centre. These apparently extreme demands were supported by some of the most cautious and conservative British officials in India. They held that it would be most unwise to establish a number of powerful autonomous provincial governments and have feebleness of control at the centre, for there was the danger that, owing to the lack of real national sentiment, the different Provinces would be liable to be split into a dozen or more fragments. In the opinion of these officials the central administration is already too weak.

It is faced with the predominantly popular Legislatures containing the most able and most ambitious men in India, who are able to disparage, misrepresent and thwart the administration, with possibilities in the background of civil disobedience and refusals to pay taxes. The central administration is in consequence weak, compromising and apologetic. "Make the administration," these officials said, "responsible to the Legislatures and the result will be that it will act with the confidence felt by a government that is supported by a majority, while the Legislatures, on their side, will shed the frivolity which always accompanies the power to criticize without responsibility." But these views were not accepted by the British Conservative party.

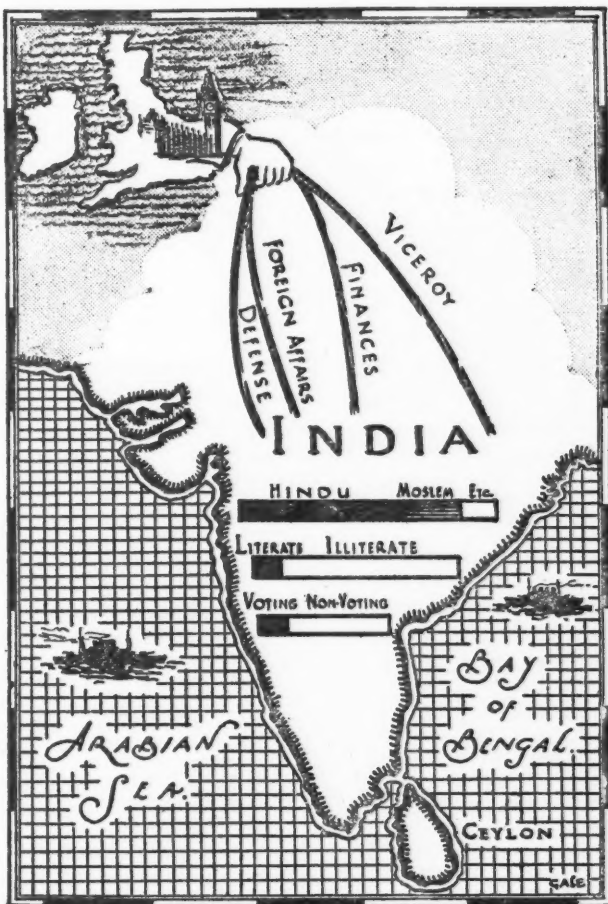
The first Round-Table Conference opened in London in November, 1930, amid the gloomiest forebodings. The whole Indian problem had narrowed itself down to the question of respon-

sibility at the centre. On this issue the clash of views between the British Conservatives and the Indian Nationalists was irreconcilable. Although the Conservatives at that time were in a minority in the House of Commons, they had the decisive voice through their majority in the Lords.

On the first morning of the conference, however, the situation was suddenly transformed by the dramatic appearance on the stage of a new element—the Indian Princes. About one-fourth of India is not under the direct control of the British Administration but is governed by Princes, of whom there are over six hundred. Some of them are no more important than an English country squire, but some, like the Nizam of Hyderabad, rule over millions of people, raise their own armies, issue their own coins, print their own heads on their own postage stamps, levy their own taxes and exercise the power of life and death.

Until that moment all the discussions had been confined to purely British India, and it had been taken for granted that the Indian Princes as before would retain their separate existence. They now rose one after another to announce that if an All-India federation were created, they would be willing to take their place in it as an integral part. With an unexpected far-

sightedness they had realized that India was on the march to self-government and that it would be wise to come in at the beginning while they could make their own terms. They explained that they could not subject their fortunes to a central federal government unless they had a voice in it. But if the Princes were given representation the rest of India could not be denied its share. Hence the non-representative centre could no longer be maintained, and responsibility to the central Legislature emerged as a consequence of the Princes' action.



Britain's control over India under the new Constitution embodied in the Government of India Bill 1935

This dramatic event immediately converted British Conservative opinion, which understands and is friendly to the Indian Princes. The Conservative party saw all the difference in the world between an Indian central government controlled by Congress politicians like Gandhi and one of which a substantial section was formed by Indian Princes, represented by their officials, old and seasoned administrators not unlike the British type. To a body largely composed of such men the Conservatives were willing to give responsible power. The three hours between breakfast and luncheon on Nov. 18, 1930, in the Queen Anne's Room at St. James Palace during which this change took place saw one of the great decisive events in the history of India; by their part in it the Princes undoubtedly consolidated their position in the government of the country.

All Winston Churchill's criticism and attacks failed to make the Conservative party reconsider its decision, which was embodied in the new Indian Constitution. Each of the Provinces is to have a Legislature, some with one chamber, others with two, with a Ministry dependent upon the support of the Legislature. Where there is a single chamber it will be popularly elected on a franchise based mainly on a property qualification which gives the vote to about 14 per cent of the population, and includes women. Where there are two chambers the lower will be popularly elected, and the upper will consist of members most of whom will be elected on either a high property qualification or by the lower house. The important Provinces will have a Governor at the head of the administration.

Above these Provincial Legislatures will be the Federal Legislature at Del-

hi, consisting of two chambers, the House of Assembly—the lower house, with 375 members—and the Council of State—the upper house, with 260 members. The British Indian members of the lower house will be elected for five years by the members of the Provincial Legislatures, voting in separate communal groups. The British Indian members of the upper house will be directly elected by a small electorate of about 100,000 with a high property qualification. Its members will be elected for nine years, one-third retiring every three years. The Princes will be represented in both houses, in the lower house in proportion to the population of their States and in the upper house in proportion to the number of guns to which they are entitled as a salute. In case of a deadlock between the two chambers, they will hold a joint session and the majority will prevail. The Viceroy will be the apex of the whole structure.

Simple as this solution of the main problem appears to be in outline, it was complicated by others the answers to which involved much of the work of the last five years. The first difficulty was that of the Moslems. In the early discussions no delegates were so democratic as theirs, but as the realities of self-government revealed themselves their attitude changed. A thoroughly democratic India means an India ruled by the Hindus, who constitute two-thirds of the population. The Moslems came to the conclusion that if they were driven to choose, they preferred British to Hindu rule. They demanded "safeguards," which meant in practice far more power under the new Constitution than any to which their numbers entitled them. Gandhi negotiated with them on behalf of the Hindus but utterly failed, and it was decided to leave the

adjudication to Ramsay MacDonald. The result is that the Moslems, who number one-third of the Hindus, will have almost as many seats as they in the Federal Legislature.

The Hindu-Moslem strife has had a still more dangerous outcome—the establishment of separate communal electorates. A special register of Moslem voters is drawn up in each constituency for a definite number of Moslem members, so that the Moslems vote separately from the general register. The age-long antagonism between Hindu and Moslem thus becomes stereotyped in the electoral system, and the healthy growth of parties representing divergent economic and social policies is rendered almost impossible. The mobile body of political opinion which, by throwing itself against a party with an extravagant or obsolete policy, keeps democracy on an even keel will try in vain to make headway against the fixed number of members in the communal electorates. The principle of communal electorates having once been accepted for Moslems, it was extended to the Sikhs, the Indian Christians, the depressed classes, the Anglo-Indians, the Europeans, women, the commercial interests, labor and the landlords.

Another series of problems was created by the Princes. Each of them is to make his own treaty, laying down the terms on which he enters the federation. They all refuse to permit the Federal Government to have the same powers in their States that it will have in the Provinces. The Indian Federal system will be of a kind hitherto unknown, for there will be one set of Federal powers for the Provinces and another for each of the Indian native States. The government of one part of the federation will be based upon

parliamentary principles, that of the other upon Oriental absolutism.

The Princes also made it a condition that, like the Moslems, they should have representation in the Federal Legislature greater than that to which the population of their States entitles them. Although the native States account for only 23 per cent of the population of India, they will have 33 per cent of the voting power in the lower and 40 per cent in the upper house of the Federation. Here, then, is another important element in the Federal Legislature that will be impervious to movements of public opinion.

The cumulative result of giving a privileged position to Moslems, Sikhs, the depressed classes, the Princes and the rest has finally come back like a boomerang upon the Hindu nationalist leaders. Their followers are left on the general register, which now is represented by less than one-third of the members in the Federal Legislature. Even if the Nationalists sweep the whole register, they remain permanently a minority. Gandhi and Congress have won parliamentary government for India, but in doing so they have had to concede to implacable minorities of their own people a series of compromises which have put them in chains for generations to come.

This setback to Hindu nationalism came almost unawares because popular debate fastened upon the more obvious but less tenacious restrictions known as the "safeguards." Defense and foreign affairs are excluded from the control of the Legislature and are reserved for the Governor General, who is responsible for them to the British Government in London. Since 80 per cent of the Federal revenue is spent upon the army and national debt, finance also is very largely excluded from the control of the Legis-

lature. The bitter complaints of the Nationalists that the Federal Legislature is left with only odds and ends of minor importance can be understood, but this result is inherent in the facts of the situation, since the Congress party does not propose that India should immediately become responsible for her own defense.

There is a still further series of safeguards. Nowhere in the world is there such frequent need for prompt and courageous action as in India and nowhere is the penalty for hesitation and weakness greater. The Governor General is accordingly armed with a whole battery of reserve powers with which he can intervene whenever an emergency is threatened. He may use his discretionary powers to override the Legislature for the purpose of preventing any serious menace to the peace, tranquillity or financial stability of India. If there is a complete breakdown of the constitutional machinery his plenary authority permits him to assume all the powers he deems necessary. The Governor of each Province is given similar powers.

The British argument in defense of these safeguards is that it has still to be seen whether India possesses the primary requisite for democratic government—the willingness of the minority to accept peacefully the decisions of the majority. Where there are powerful minorities putting their own claims before all else, democracy is imperiled. The Indian Legislature will be confronted with the age-long antagonism of Hindu and Moslem, representatives not only of two religions but of two civilizations. By their

side will stand the Princes, who have no belief in democratic government.

The Congress party claims that the safeguards are so burdensome that self-government is buried beneath their weight. The powers of the Governor General and the Governors are in the last resort quite unlimited. Nevertheless, the most acute British officials believe that these powers are illusory and that the safeguards are mere paper. The Governor General and the Governors can carry them out only by means of the official hierarchy, and as this will be almost exclusively Indian, they cannot force through a policy repugnant to Indian opinion. So we come back in the end to the simple fact that the new Constitution to be successful will require supreme tact on the part of the Governor General and the Governors. Since they cannot bludgeon the Legislatures, they will have to persuade them.

For many years the centre of political interest will probably be transferred from Delhi to the Provinces. The day-to-day life of India depends upon the decisions of the Provincial Assemblies. These will be bodies of enormous authority with control over practically everything of importance except defense. In particular they will be in charge of the police, on whom in India the whole fabric of law and order depends, for the vast majority of the inhabitants never see a British soldier. At the same time the able men of India will become Premiers and Cabinet Ministers of the great Provinces, and Delhi will cease to be the magnet for India's ambitious sons.

When Science Dictates

By WALDEMAR KAEMPFERT*

A FEW years ago Georges Claude, the distinguished French engineer whose neon advertising lights glow on every Main Street, stood for the Chamber of Deputies. No ordinary campaign was his. Loading a motor-truck with induction coils, pumps, bell-jars and steel bottles of compressed gas he proceeded to electioneer. From the tail of the truck he addressed the crowd:

"I know nothing about politics. France needs in the Chamber not politicians imbued only with the party spirit, but chemists, physicists, engineers, scientists, trained technicians familiar with the machines that have given this civilization its character. Elect me and I will try to make France even greater than she is through science and engineering. Now watch me perform a few experiments."

The crowd listened, watched and were interested. But Georges Claude was not elected. A little more political skill, and fuller recognition of the fact that at this stage in the evolution of society passions are more easily stirred than is reason might perhaps have turned certain defeat into victory; for France has numbered some distinguished scientists among her politicians—men like Bert, the physiologist; Berthelot, the chemist; Painlevé, the mathematical physicist. No Don Quixote, leading a dream life, is this Georges Claude, but a realist keenly aware that democracy is in-

capable of coping with the problems of an age created and dominated by science. He is an anticipation. Perhaps in him we see how democracy will attempt to save both the principle of representation in government and as much as it can of liberty, equality and fraternity.

Democracy is a political conception of the eighteenth century. It still wears periwigs and knee breeches, writes with quill pens and thinks of the electorate as the ruling class. A mechanized society, walks in its own hair, wears standardized, machine-made clothes, writes on typewriters and is ruled more by industrial and economic organizations than by political parties.

Even while the Parisian rabble was singing *ça ira* and dancing the carmagnole around the guillotine that decapitated Louis XVI, Boulton and Watt's factory in Soho, London, was finding it hard to fill orders for James Watt's steam engine. What economists have called the Industrial Revolution was already under way. Coal had become something more than mere fuel that smelted ore and kept dwellings warm. It was potential energy—a strictly scientific conception. Mass production is older than the steam-engine, but after Watt it gathered momentum and completely changed its character.

It is the same with electricity. The eighteenth century talked about it at the breakfast table as we talk of radium, vitamins or the atom. When Napoleon invaded Italy the one man

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he wanted to meet above all others was Volta. Perhaps it was because Napoleon was an engineer; perhaps because he had premonitions. A second industrial revolution has been brought about—an electrical revolution characterized by the mass production and distribution of energy; words, songs and images converted into electric waves and transmitted over continents and seas to live again in distant lands; the world enmeshed in copper wire and the ether shaken with momentous messages that mean life or death for Italians and Ethiopians, American cotton growers and Manchurian bandits.

Mass production of goods, mass generation and distribution of energy, mass communication by radio and wire, mass entertainment through motion pictures, mass transportation on land and sea and latterly in the air—to this have we obviously been brought by Watt, Volta, Faraday, Edison, Marconi and 10,000 physicists, chemists and engineers.

What is not so obvious is a mass mind that has also been molded—a mass way of thinking. Something has surely happened to people when they are willing to dress more or less alike, ride in automobiles made by half a dozen manufacturers who agree on engine powers and outward appearances, see at night by lamps that are identical, live in houses that closely resemble one another in their appointments, eat canned and packaged foods that are distributed to millions, and satisfy their emotional cravings by motion pictures made for the many.

Mass production implies organization—scientific control. The need of it was recognized even in the early days of the industrial revolution. Arkwright, inventor of spinning machinery, organized his mills after a

fashion that still commands admiration. Now we have scientific management, which means an integration of machines and men, so that an industrial enterprise employing as many as 125,000 becomes in itself a huge mechanism in charge of a super-machine tender known as the president of the company. If we hear less and less of industrial democracy—control of plants by elected representatives of capital and labor—it is because the best type of scientific or expert management has proved its ability to cope with both human and mechanical problems.

Wherever we turn we find organization and control. With mass tastes fostered, molded, even thwarted by mechanism, it becomes possible to force human activities to seek outlets in definite grooves. Automatic playing of music on phonographs and in motion-picture houses, automatic machines that bake wheatcakes, automatic devices that sell anything from a package of chewing gum to a plate of stew, automatic elevators that stop just at the right level, automatic teachers in the form of films, automatic robots that shine shoes—they are everywhere. And this is only a beginning. Without regimentation, what we behold as a reality would be possible only in the romancing of a Bellamy. Everywhere there is organization brought about by the social pressure of the machine.

Who does the organizing and the controlling? Engineers, chemists, bacteriologists, city planners, physicists, mathematicians, statisticians—in a word, experts, highly trained men. How many are there in the United States and Western European countries of these men who conduct research in industrial laboratories, devise new processes, design new ma-

chines to which human skill and something much like intelligence can be transferred, and who supervise the complicated mechanism that makes mass production, transportation and living a reality? No one knows exactly.

At the top there are in all the world not more than a thousand physicists, biologists, mathematicians and chemists touched by genius—seekers after the truth, indifferent to commercial demands, men who like Newton, Faraday, Maxwell, Gibbs, Hertz and Einstein lay down purely scientific principles. Immediately beneath them stand perhaps 500,000 hired research physicists, engineers, chemists, inventors and bacteriologists who see commercial possibilities in these principles and create new processes and machines and such new means of communication as broadcasting and television. Then come possibly 2,000,000 trained designers of technical apparatus—the streamlined trains, the turbines installed in the Tennessee Valley or the Swiss Alps, the air-conditioning systems that make climate to order, the automobiles and airplanes that whisk us about.

These estimates are purely speculative. They may be much too high or much too low. They include only the best scientific minds in the universities, laboratories, drafting rooms and technical departments of industries, the creators and supervisors of mass production, mass transportation and mass communication—and ignore the machine tenders and repairers, who are familiar only with the details of a narrow technical task.

The point is that of the 1,000,000,000 people on the earth who lead a standardized existence in standardized communities less than 1 per cent hold society in the hollow of their hands.

If some disease were to cut off scientists and engineers, what would become of this mechanized society? The effect would be much like that to be expected if all aqueducts were blown up, sewers destroyed, railroads and highways blocked, steamers abandoned, central stations crippled. Western Europe, America, every mechanized and electrified community would slip back in less than a year to the eighteenth century, with an accompaniment of death and distress that would eclipse the effect of any slaughter ordered by Tamerlane or Genghis Khan.

The result of the organization and control brought about by these indispensable experts has been mass thinking. It is not that the scientists tell us what to think but that their widely introduced discoveries and inventions make us think as we do. We cannot have automobiles, motion pictures, radio programs, water, electricity, gas produced or delivered *en masse* without behaving more or less uniformly. Thus are we disciplined by mass producers, and the mass producers are the experts. If we ignore the capitalists here it is because mass production is as compatible with a communistic as with a capitalistic society. Our rulers are scientists and technicians—the creators of our culture.

We may talk of liberty, equality and fraternity as much as we like. All are incompatible in different degrees with mass producing, mass consuming, mass living. There is less liberty than there was a generation ago; there will be less a generation hence, no matter what the political form of government may be. This prospect, gloomy to many who believe that the Declaration of Independence is a final utterance on human rights, has inspired a few reactionaries to

plead for a ten-year moratorium in scientific research. We need time, we are told, to overtake the scientists, to take stock of the discoveries and improvements that crowd on one another. As well stem the tide of patriotism or religion! As if a cultural movement could be halted like a railway train and started again at will! The scientists do not control the movement. They are swept on by it like the rest of humanity. It even dictates what they shall discover and invent. They, too, are in the clutch of circumstance.

We are entering what the late Patrick Geddes, a social philosopher of the Le Play and Comte school, called the neotechnic era, which is marked by a general electrification of all homes, farms and industries, a wider use of energy both individually and collectively, a more rapid flowering of research and an even readier acceptance of its fruits. We invent more today than we did a century ago because we have more with which to invent. Out of the discoveries, processes and mechanisms of today will come still more technical innovations.

Hence we must expect more organization, which in turn means more expert control above, more discipline and more yielding of personal liberty below. What we shall sacrifice in freedom will be balanced by more effective knowledge, by more effective service. Thus most of the gains that we have made in lengthening the span of life and controlling disease must be attributed to scientific regimentation by experts. Who would permit a man afflicted with typhoid or the plague to roam the streets? He submits to isolation; he even courts it for his own and the public good. Science grants power but imposes discipline. As it grows our power increases, but so does the need of discipline.

The sciences have not all evolved at an equal rate. On the whole, genetics promises to be the most fruitful science of the future—fruitful in its revelations, fruitful in its social applications. Mathematics, physics and chemistry, the sciences that deal with inorganic matter, have been pushed to a perfection not yet attained by the sciences that deal with life. Anthropology and psychology are not as advanced as was chemistry a century ago. Biology is at last passing from the descriptive into the experimental stage. The signs are unmistakable that with the postulation of genes and the discovery of chromosomes and the possibility of controlling heredity through them, the expert will tinker with us as he is already tinkering in a blundering way with plants, fruit-flies, rats and animals. Moreover, the biochemists must be reckoned with—the experts whose discoveries hold out the promise of controlling the development and health of the human body and perhaps of the human mind by administering synthetically produced hormones and vitamins.

The result must be something like a colony of termites, with its workers, soldiers, nymphs, yet different because of a conscious social purpose which is a guarantee against the stagnation into which some 10,000 species of social insects have apparently lapsed.

The possibility of regulating and guiding human destiny when the geneticist and the biochemist really become experts is not to be lightly dismissed. Crude and empiric as our knowledge of heredity still is, more than a score of States in America and half a dozen European countries have passed sterilization laws in an effort to prevent the propagation of the socially unfit. This stands but little

higher than suppressing a technical nuisance, like smoke or noise, or quarantining contagious diseases; yet it indicates a social trend. Some day the expert in social biology will rise above mere prophylaxis. He will become something like a designer of living organisms. He will be able not only to draw the specifications for a human being to suit a given social environment, but indicate how that human being may become a reality.

This possibility, imaginatively dwelt upon by J. B. S. Haldane in his *Daedalus*, is amusing enough to be satirized by Aldous Huxley in *Brave New World* and terrifying enough to make Bertrand Russell sound alarms. Even the bravest intellectuals shudder at the prospect of a world dominated by a small scientific aristocracy, which will naturally create each new generation of its own class in its image. Better to be ruled by vulgar tyrants whose passions can at least be understood than by a clique or camera of experts whose intellectualism is untouched by noble rage or any moral emotion.

We have but to turn back the hands of the clock to refute this purely sentimental argument. If an imaginative ancient Greek ruminating over the potentialities of Hero's primitive steam engine had foreseen a time when machines would regulate lives he would have cried: "Let us live in our own way, going and coming as it pleases us, toiling and loving as it suits us." With what horror he would have viewed the economic functions of the family transferred to the factory, its educational functions to the school, its supervision over sanitation and food to the government. These and other consequences of science and the machine were not deliberately foisted upon us. They were the inevi-

table products of a new outlook. They bred a culture which must be allowed to run its course and which may well include some tampering with natural evolution.

If the past is any guide it may take a century before genetics and psychology become reasonably exact sciences. Very slowly the experimenters will discover the exact nature of the gene, its chemical composition, its physical state. Then will come the first deliberate, planned changing of the eyes or wings of a fruit-fly instead of the haphazard mutating that we now bring about by indiscriminately flooding eggs with X-rays. It will be a triumph, one of the great triumphs of biochemistry and biophysics. Next we may expect some experimenting with higher types—perhaps the creation of a frog with legs more suitable for the table. The transition to fowls would be easily made. When at last the first ape is deliberately changed we shall have an event fraught with social potentialities heavier than any that lurked in the steam-engine. Human evolution will be taken out of the hands of nature and placed in those of the laboratory technician.

It is idle to argue that humanity is satisfied with itself. It never was. There are fashions in men and women as there are in clothes and automobiles. In Rubens's time the sturdy 180-pound soldier was the ideal of masculinity. In our day it is the slim, athletic Hollywood hero of the screen. Our taste in men and women, physically, morally, intellectually, depends on our culture, in which respect it is like our taste in pictures, houses and dogs. It is not inconceivable that under social pressure physical, emotional and mental types will be created, with the aid of Haldane's

ectogenetic mothers, to meet the requirements of the society of the future.

If the geneticists and endocrinologists are unable to attain true perfection in standardizing human beings, so that they readily fall into specific social classes—so many made-to-order doctors, electricians, steamfitters for a population of 20,000,000—the psychologists will complete the task. Even now conditioned reflex experts claim that the first few months of an infant's life are decisive. Psychiatrists are sure that whether persons can develop a neurosis or not is determined before the fifth year. "Give me your new-born child and I will make a Newton or a Beethoven of him," the behaviorists already shout. No doubt the claim is wild. But a hundred years hence? The very notion that human beings can be made to conform to a behavioristic pattern is in itself evidence of a social trend and an indication of the length to which the expert is likely to go.

With a world that is becoming more and more collectivistic, that demands more organization and more expert control, it is clear that democracy must change its character. Science, invention, mechanized industries, organization—these mean technical competence. But we do not know what competence in government means because we do not agree on forms and methods of government.

The committee of experts that prepared for President Hoover the monumental survey entitled *Social Trends* holds that "social invention has to be stimulated to keep pace with mechanical invention." This means experi-

menting with different forms of government, both local and national. The scientist may sigh for an island with 100,000 inhabitants, a place where he can conduct experiments in community life and test social inventions, but by the very act of isolation he makes it impossible to judge world effects. The scientific method cannot be applied to social problems simply because it must isolate the materials and the forces that it studies. There is nothing for it, then, but to let society evolve as a whole under the stress of a cultural movement.

In America the evidence is strong that democracy will try to adapt itself to a changing world. It recognized the need of the expert in the World War and gave him unlimited funds and authority. It recognizes its dependence on him now, even though it hampers him by forcing him to consider present exigencies instead of future needs. It does not know how to use experts because it is itself inexpert technically, economically, socially.

So we come back to Georges Claude seeking office on the score of his scientific accomplishments, his position as an expert. Either the experts must run the country or the country must run the experts, or, better still, the government must itself become expert. Was it so absurd in the light of increasing standardization, mechanization and technical control to lecture on physics to a crowd? Was it not the recognition of a cultural and social necessity? Did it not contain the germ of a social invention and suggest a method whereby democracy might adapt itself to science and the machine?

Current History in Cartoons



"And who is on trial today, m' lud?"

"Young man, I rather think I am myself"

—Daily Herald, London



M. Laval 'twixt two charmers

—Glasgow Record



Too close for comfort

—Lincoln State Journal



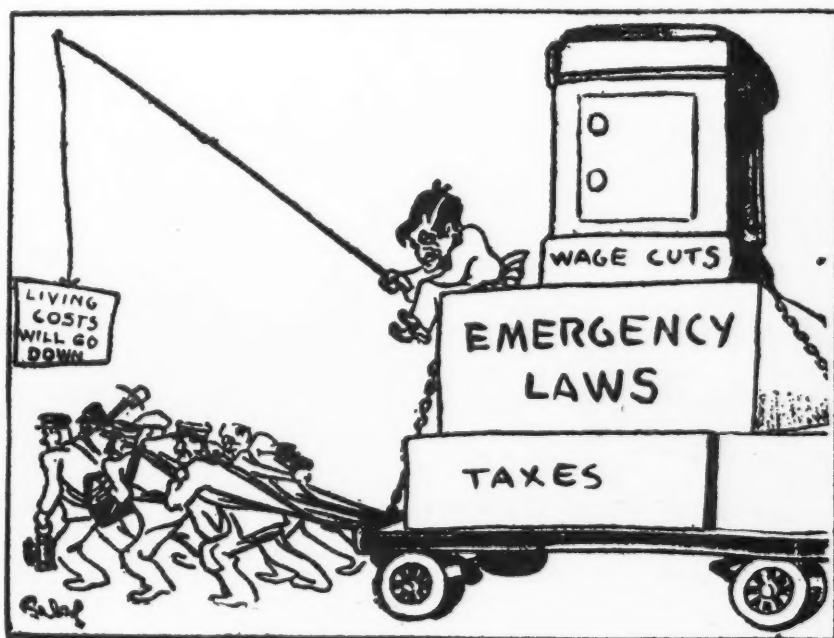
The first misstep

—The New York Times



Thinking aloud—and the consequences

—Daily Express, London



Premier Laval's bait

—Humanite, Paris



The rainy day
—Dallas Morning News



Not for me!
—Milwaukee Journal



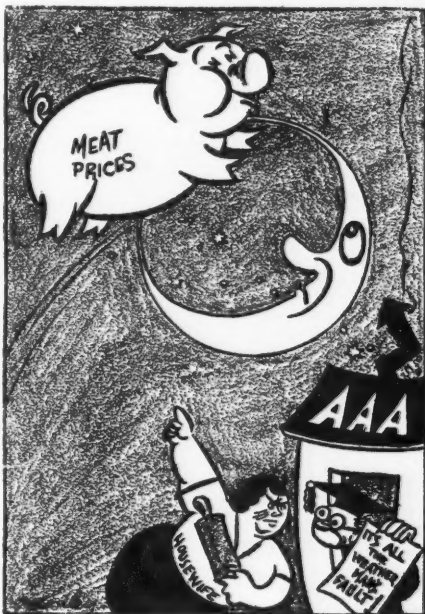
The promised "helper"
—Christian Science Monitor



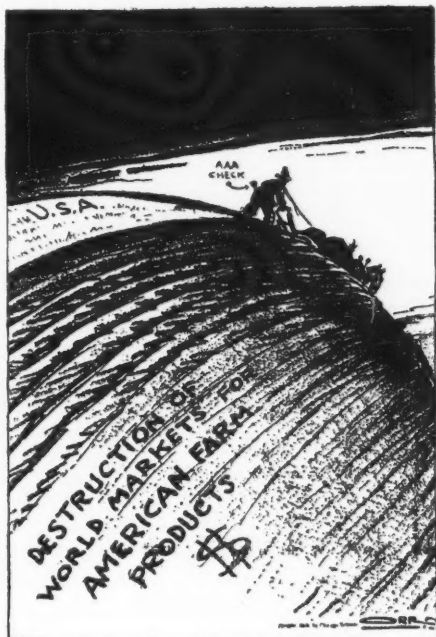
"You promised to keep your pet
locked up!"
—St. Louis Post-Dispatch



"Watch your step!"
—The Post-Standard, Syracuse



And the pig jumped over the moon
—The Sun, Baltimore



What we really plowed under
—Chicago Tribune



Different from the pictures
—Chicago Daily News



The advocates
—Emporia
Daily Gazette



A common
purpose
—Daily
Oklahoman



How about the 21 times?
—New York World-Telegram

A Month's World History

Chronology of Current Events

(Figures indicate page numbers.)

International Events

- Aug. 14—Ethiopia asks League to end arms embargoes.
- Aug. 16—Britain, France and Italy confer in Paris on Ethiopia (58).
- Aug. 18—Three-power parley on Ethiopia breaks down.
- Aug. 22—British Cabinet decides to leave Ethiopian question to League.
- Aug. 28—Italian Cabinet holds war council (61).
- Aug. 31—Ethiopian oil concession to American group reported (62).
- Sept. 3—Standard Oil cancels concession in Ethiopia (62).
- League arbitration committee finds neither side guilty in Walwal incident (63).
- Sept. 4—League Council takes up Italo-Ethiopian quarrel (63).
- Sept. 6—Five-power commission created by League to conciliate Italy and Ethiopia (63).

The United States

- Aug. 5—Congress enacts bus-control law (67).
- Aug. 11—Ex-President Hoover demands that Roosevelt state position on Constitution.
- Aug. 14—President Roosevelt signs Social Security Bill (70).
- Aug. 15—Senate passes Tax Bill (71).
- Aug. 23—Social Security Board appointed. Guffey Coal Bill passes Congress (65).
- Banking Bill signed (69).
- Aug. 24—Congress passes Liquor Control Bill (71).
- Congress adopts neutrality resolution (72).
- President signs AAA amendment (65).
- Aug. 26—Seventy-fourth Congress adjourns (64).
- Roosevelt signs Holding Company Bill (67).
- Sept. 6—Roosevelt assures business of a "breathing spell."
- Sept. 10—Senator Huey P. Long dies from assassin's wounds.

Canada

- Aug. 14—Parliament dissolved (75).
- Aug. 22—Social Credit League carries Alberta election (74).

Latin America

- Aug. 15—New basic treaty between Panama and the United States announced (88).
- Aug. 20—Ecuadorian President arrested after attempted coup (81).

The British Empire

- Aug. 18—Brig. Gen. Sir Alexander Hore-Ruthven appointed Governor General of Australia.
- Aug. 22—British Cabinet convenes to discuss Ethiopian controversy (83).

France and Belgium

- Aug. 9—French Cabinet publishes second series of emergency decrees (87).
- Aug. 11—President Lebrun appeals for end of domestic dissension (86).
- Aug. 29—Belgian Queen killed in auto crash (88).

Germany

- Aug. 18—Schacht attacks Nazi Jew-baiting (90).
- Sept. 1—Catholic Bishops protest against "dictatorship of the spirit."

Italy

- Aug. 7—High Italian officials killed in air crash en route to Eritrea (94).
- Aug. 28—Italian Cabinet holds extraordinary meeting at Bolzano (94).

Eastern Europe

- Aug. 15—Albanian Inspector-General assassinated (99).
- Sept. 7—Elections to Polish Sejm (97).

Northern Europe

- July 28—Danish farmers demonstrate against agricultural conditions (101).
- Aug. 10—Foreign Minister Beck of Poland arrives in Finland on official visit (100).
- Aug. 29—Finland, Norway, Sweden and Denmark conclude conference at Oslo (101).

The Soviet Union

- Aug. 20—Third International concludes congress at Moscow (103).
- Aug. 25—The United States protests to Soviet on Communist activity in America (103).
- Aug. 27—Soviet rejects American protest (103).
- Aug. 31—American note to Moscow again asks curb on Red activity (103).

The Near and Middle East

- Aug. 9—Iran's Council of Ministers approves bill canceling feudal titles.

The Far East

- Aug. 9—Crisis in Nanking Government circles (111).
- Aug. 12—Assassination of General Tet-suzan Nagata leads to Japanese Army purge (109).

Italy Defies World Opinion

By ALLAN NEVINS

THE injustice and arrogance of the Italian position with regard to Ethiopia* became fully evident on Aug. 29 when details were published of the proposals which the British and French Governments had made at the three-power conversations in Paris on Aug. 16, 17 and 18 and which Italy had rejected.

Acceptance of these proposals would have freed the world from an oppressive load of anxiety, restored faith in the validity of solemn treaty obligations and given the League a new lease of life. Rejection of the proposals meant an accentuation of the gloom and anxiety and the choice of a road leading to a new demonstration of the weakness of international faith, the crippling or destruction of the League and the loosing of fresh hatreds and greeds upon the world. Even had the Franco-British proposals been inadequate, Mussolini might well have hesitated, but what he rejected was of the utmost generosity.

The disclosures published on Aug. 29 showed that Great Britain and France had gone to extreme limits ten days earlier in what they called their "maximum proposals." Mussolini was offered an opportunity—without firing a shot, without losing a man—for the peaceful penetration of all Ethiopia by Italian capital and the occupation of large areas of Ethiopian territory by Italian colonists.

The British and French Govern-

ments proposed, first, to use their good offices to obtain "very wide economic opportunities for Italy." These opportunities, as outlined in detail, would give Italians ultimate control of much if not most of the mineral and agricultural resources. Arrangements would be made, in the second place, for the settlement and protection of Italian colonists in "suitable areas." It was expressly stated, in the third place, that territorial "adjustments," with cession of certain tracts to Italy outright, were not to be excluded by the program. And, finally, Italy was to be given a leading rôle in a general scheme of reorganization and reform thus summarized by the correspondent of *The New York Times*: "Measures to stamp out slavery; financial assistance, with the reorganization of Ethiopian finances; the promotion of Ethiopia's foreign trade; public justice, public health, education, the postoffice and telegraphs."

These proposals would have, in short, given Italy a position in Ethiopia analogous to that granted France in Morocco by the Algeiras Conference in 1906; she could—as the *Paris Temps* pointed out—have consolidated her position there by slow degrees.

Three conditions only were attached by Anthony Eden, chief author of the plan, and Premier Laval. They were that Ethiopian political integrity must be respected; that the plan in its final form must have Ethiopia's free consent; and that since it was to rest upon an application to the League for

*For a statement of Italy's case see the article by Senator Roberto Forges-Davanzati on page 8 of this magazine.

foreign help in developing the country, it must be approved by the League Council. Italy, had she accepted, could have declared that all her complaints had been met. For many years to come Italian enterprise would have had a large field for its energies, Italian colonization—which must be slow in any event—a considerable outlet. In the course of time Italy might have proved an honest title to larger rewards in this region.

But Mussolini was debarred by one all-powerful circumstance from accepting. He is a dictator, and a dictator must think always of prestige. He has gone so far in this enterprise, he has already spent such huge sums (\$60,000,000 is one estimate), that he dare not draw back without a spectacular success. To tell the Italian people, overtaxed, largely impoverished and discontented, that they must gain what they want in East Africa by patient endeavor and hard work, would imperil his régime.

Mussolini hardly gave Mr. Eden and M. Laval the courtesy of a hearing. When Baron Aloisi, Italian member of the League Council, got him on the telephone for a final statement, it was an uncompromising "No." Not one of the three conditions attached to the Franco-British plan was tolerable to him. He did not present his own counter-demands in detailed form. As Baron Aloisi stated them on Aug. 18, they call for either a protectorate over all Ethiopia, or absolute control of a large upland area for Italian settlement, with military occupation of that area. Aloisi, saying that these demands were irreducible, added that he believed compulsion would be necessary to enforce them. He was obviously right. Ethiopia will defend her sovereignty against such demands by bloody and desperate fighting.

"You will march to crush any ob-

stacle," Mussolini told a Black Shirt division as the conference in Paris broke up. And again that day: "We shall go ahead until we have built a Fascist empire." The poverty and illiteracy of millions at home are to be thrust out of Italian consciousness by the cheap glory of conquering one of the weakest nations on earth, and on its ruins is then to be erected an imitation of Scipio's African empire. Mussolini has no hesitation in avowing this as his object.

Some of Italy's spokesmen are less unblushing. Baron Aloisi told the press on Aug. 21 with a very straight face that the central aim of his government was summed up in the one word "security." Italy has heavy responsibilities in Central Europe; how, he asked, can she deal with them when constantly threatened in the rear by Ethiopia? While 200,000 men in Eritrea and Somaliland are menaced by 450,000 Ethiopian warriors, the country feels unsafe; she must disarm Ethiopia, and keep her disarmed. Yet in the next breath Aloisi answered himself by pointing to the manoeuvres of 1,000,000 men in Northern Italy as proof that Fascist military power in Europe will remain undiminished by war in East Africa. Every one knows that the occasional Ethiopian raiders which Great Britain and France have long and patiently tolerated in North-east Africa are essentially harmless.

The fact is that, as Mussolini well knows, he must strike soon or never. Recently he spoke of his belief that peace would remain unbroken in Central Europe for two years more. He realizes that if he does not move in East Africa as soon as the rains cease, the Ethiopians will collect arms and munitions sufficient for a long war. He realizes also that Hitler is not likely to give him more than two years. Within that period German re-

armament will raise a heavy threat north of Austria. Mussolini believes that by moving rapidly he can subdue Ethiopia and get his army home in good time—but rapid movement is essential.

The rebuff to Great Britain and France brought the whole problem squarely before the League. The principal ground upon which their representatives had acted in Paris was the Anglo-Franco-Italian Treaty of 1906, of which Article III reads: "In no instance shall one of the three governments interfere [in Ethiopia] in any manner whatever except in agreement with the other two." The Italians asserted that this treaty had been modified by the agreements of 1925. But the League covenant has never been modified. As signed by Italy, it applies to this dispute in the clearest terms. It is reinforced by the Kellogg-Briand pact, in signing which Italy solemnly renounced war as an instrument of national policy. The League Council had been called to meet on Sept. 4. It was plain that if Mussolini held firm, he would come into direct conflict with Articles X, XII, XIII, XV and XVI, the last of which reads:

"Should any member of the League resort to war in disregard of its covenants under Articles XII, XIII or XV, it shall ipso facto be deemed to have committed an act of war against all other members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State."

The brief interval between Aug. 20

and Sept. 4 was naturally a period of anxious waiting in Europe—and particularly in Great Britain and France. The British Government confuted many predictions by maintaining its arms embargo throughout this period, obviously with a desire to avoid offending Italy. Several British leaders again made it clear that Great Britain could not act alone. Were she to interfere single-handed at Suez or in East Africa she would be open to the charge of selfish action to protect her imperial interests; she would also violate the all-important principle of collective action.

But the British Government also made it clear, by acts and not words, that it would be ready to give iron support to any decisions by the League. New naval units were moved into the Mediterranean; parts of the fleet were strategically placed to command the Suez Canal. Some 1,200 troops were hurried east to reinforce the garrison at Malta; precautions were taken there against air raids, and the harbor was closed by a boom. Church leaders in England called for vigorous action in behalf of the League. The British Trade Union Congress meeting at Margate on Sept. 5 adopted militant resolutions in support of League sanctions.

It was France, however, that was in the most difficult position during those anxious days. Her government faced the dire possibility that it would have to make a clear-cut decision between Great Britain and the League on the one hand and Italy on the other. If such a decision became unavoidable, France could not hesitate in her choice. Not merely is Great Britain a far more powerful and steadfast ally than Italy will ever be; there is the additional consideration that France has based her policy for years on the League and the sanctity of

treaties. Her much-prized leadership of the small nations of Europe, and especially the Little Entente, depends strictly upon her adherence to League principles. The French well understand that if the League now proves helpless in protecting Ethiopia against Italy, it will prove equally helpless in protecting Austria or Czechoslovakia against Germany. But to side against Italy was nevertheless very difficult for France to consider.

The interval between Aug. 20 and Sept. 4 therefore saw France wringing her hands as she looked first toward London, then toward Rome. Her leaders felt that if the Stresa Front (to which Aloisi plaintively appealed) were broken, the result might be disastrous. It is only within the year that France has escaped from alarmingly strained relations with Italy. While this unfriendliness lasted she had to garrison her southern frontier strongly; she had to worry about Italy's 35,000-ton battleships; she was disturbed by the Italian preponderance in Tunis. For three years more, as the low birth-rate of the World War period is reflected in army service, French man-power will be under a strain. A return of Italy to her old hostile attitude would perhaps mean longer terms of military service; longer service would accentuate France's economic difficulties. Altogether, it is not surprising that many French spokesmen between Aug. 20 and Sept. 4 expressed an anxious hope that if Italy remained intransigent at least the conflict could be "localized" in Africa. News dispatches of Aug. 28, after a long Cabinet meeting, attributed such views to Premier Laval.

The Italians naturally did their utmost just before the Council meeting to encourage this idea of "localization." A special meeting of the Italian

Cabinet took place on Aug. 28 at Bolzano, where the army was holding its grandiose manoeuvres. The meeting gave birth to a manifesto which curiously combined threats and cajolery. It contained half a dozen main points: (1) Italy would go before the League with documentary proof that Ethiopia was a barbaric slaveholding land; (2) Italy would defend her vital interests to the last; (3) "Great Britain has nothing to fear from Italy's policy"; (4) Italy's colonial troubles ought not to have any European repercussions; (5) the use of League sanctions would lead to "serious complications"; (6) such sanctions would fail anyhow, for Italy had taken steps to make herself economically self-sufficient.

But the essence of the whole manifesto was that the quarrel with Ethiopia was essentially a local African dispute with a nation unworthy of general European notice. To drag it before the League, to talk of sanctions, was ludicrously to exaggerate it. Should other powers, demanded Mussolini, "run the risk of letting loose a new world war in order to prevent a great nation like Italy from bringing order to a country where the most atrocious slavery and most primitive conditions reign"? His government would be prepared to show at Geneva, he argued, that Ethiopia had no right to remain in the League; by taking that comfortable view, the League could save its face.

The reception which this manifesto met from the whole world was confessedly a shock to Italian opinion. The British press on Aug. 30 rang with unfavorable comments; leading American journals took the same attitude. Mussolini's blunt statement shocked many of the French into realization of the unescapable nature of the question

before them. The attempt to blacken Ethiopia's character was irrelevant.

The essential point is that Ethiopia is a member of the League, that she is under the protection of the covenant and the Kellogg pact, that Italy has all the machinery of the League to rectify any wrongs she is suffering, and that Italy is deliberately trying to wreck that machinery. She is violating her pledges and attacking the whole League system. The fundamental idea of the League is to prevent the "localization" of such disputes as that of Italy and Ethiopia. For any power to connive at "localization" would be to connive at the final overthrow of the League.

At this tense moment, just before the Council meeting on Sept. 4, one of the most curious red herrings imaginable was suddenly dragged on the scene and then with equal suddenness dragged off. The Emperor Haile Selassie's concession of vast mineral privileges to the "African Exploration and Development Corporation," announced on Aug. 30, was a piece of comedy that would have been laughable had it not been so pathetic.

Up to this time Haile Selassie's conduct had been wholly admirable. He had been moderate, courageous, eloquent. But the startling grant to an unknown company, through a British promoter named Francis M. Rickett, of the right to exploit the oil and mineral resources of 150,000 square miles of Ethiopia was a blunder of the first magnitude. It at once threw doubt upon the purity of British intentions. It threatened to cripple all the efforts Mr. Eden expected to make at Geneva in rallying a united League to save Ethiopia. Rickett spoke of the grant as an Anglo-American concession, and expatiated on its high value.

Naturally, the Italian press, which has long asserted that Britain's morality is simply a mask for her cupidity, struck an "I-told-you-so" attitude. The more cynical part of the French press likewise assumed that British hypocrisy had been exposed, and pressed harder than ever for *laissez-faire* and localization. The British Foreign Office was galvanized into instant activity. The very next day, Aug. 31, it announced that it had advised Haile Selassie to revoke his concession—advice which he immediately rejected. But this move struck the cynics as an inadequate attempt at fumigation.

Then overnight, with refreshing completeness, the atmosphere cleared and the mystery surrounding the affair vanished. Secretary Hull and, it is said, John D. Rockefeller Jr. took a hand. On Sept. 3 it was announced that the concession was, as Haile Selassie had said all along, wholly American; that the real owners were the Standard-Vacuum Oil Company; and that as a result of conferences with Mr. Hull, officers of the company had canceled it. Chairman George S. Walden explained that the Standard-Vacuum had been doing business in Ethiopia for twenty years, was interested in petroleum production there, and had begun negotiations early this year. But it was early this year, after M. Laval's unhappy understanding with Mussolini about a larger Italian sphere in East Africa, that Italian pressure upon Ethiopia began. Mr. Rickett and the men behind him had taken advantage of Ethiopia in her direst need. Poor Haile Selassie, at his wit's end after his last appeal to the civilized world against "massacre," had attempted a desperate throw of the dice.

The meeting of the most fateful session of the League Council since

the organization began—a session to decide the fate not merely of Ethiopia but of the League itself—opened on Sept. 4 with Italy still defiant. The Ethiopian question, though twenty-second on a list of twenty-six topics, was taken up immediately. The Council heard first the report of the arbitration commission on the Walwal incident; with Nikolas Politis of Greece as fifth member, the body found neither side to blame. This side-stepping document was a minor victory for Ethiopia. Mr. Eden made a brief speech declaring that “collapse of the League and the new conception of international order for which it stands would be a world calamity.” Then Baron Aloisi presented the Italian case against Ethiopia.

The Italian Government was evidently reluctant to break immediately and completely with the League, while Great Britain and France were anxious to obtain as much delay and consideration as possible. On the second day, Sept. 5, Gaston Jèze, the French jurist who is acting as the Ethiopian spokesman, replied in fiery terms to the Italian indictment. It was an easy reply to make.

The Italians had cited internal abuses in Ethiopia, showing photographs quite as revolting as those of an American lynching or of Mafia outrages in Sicily. Aloisi had also cited numerous diplomatic and commercial injuries and attacks on Italian lives and property, running back forty years—though only a few years ago Italy supported Ethiopia for League membership. If one country or the other has to be expelled, it should be the country that violates League pledges. When M. Jèze began to point this out, with acid comments upon Italy’s “bullying” tactics, the Italian repre-

sentative left the room. But at least he did not quit the Council.

The great hope of the British and French representatives was that if they could win time, if the Italian attack could be delayed by months or even weeks, the forces of peace would gain strength. Mussolini might then perceive the financial risks he is running. Germany’s growing strength might make him readier to accept a compromise. It was in this hope that on Sept. 6 the Council created a five-power commission—Great Britain, France, Spain, Poland and Turkey—to attempt conciliation of the dispute.

The outlook as the commission was set up seemed dark indeed. Compromise would have been far easier a few months ago, before Mussolini had so far committed himself. We can now see that Great Britain and France should have acted more energetically then. But even if war begins, the hope of putting an early end to it by negotiation may still be entertained.

One encouraging fact is that in Great Britain at least numerous voices are now raised advocating at least a slight reallocation of African territory. It is admitted that Great Britain and France have more than their share, that Italy should have received better treatment in the parceling-out of mandates. We cannot grant Mussolini’s assumed right to convert Italy into a human ant heap by encouraging a high birth rate, and then to demand room for “expansion.” But there is nevertheless something unfair in Portugal’s ownership of a vast and fertile African empire while Italy has little but burning sand. The *Manchester Guardian* has spoken up for territorial readjustments, and if they are arranged, they ought also to include concessions to Germany.

The Labors of Congress

By CHARLES A. BEARD

THE first session of the Seventy-fourth Congress of the United States adjourned at midnight, Aug. 26, after passing during the rush of closing days a sheaf of bills that had long been on the carpet. Amid the heat of August days what seemed to be a hopeless deadlock was suddenly broken and every one of the great measures sponsored by the administration, including the utility bill, amended, was adopted. Although Senator Huey Long filibustered at the last moment and prevented the passage of a deficiency appropriation bill, tying up funds for the social security and railway pension program, the victory of President Roosevelt all along the line was beyond question. Thus apparently was vindicated the assumption made in these columns last Spring that he might be "employing grand strategy" in allowing Congress a free hand, with a view to making his strokes of policy at the "right" moment. (April CURRENT HISTORY, page 71.)

After the democratic processes of debate and confusion were given a free rein leadership emerged in the end. When results were surveyed at the conclusion of the discussion and uproar, it could be truly said that seldom, if ever, in the long history of Congress had so many striking and vital measures been spread upon the law books in a single session. Under what heads and in relation to what necessities and designs can these measures be classified and given consistency?

Unless history is chaos and events have neither causes nor consequences nor interrelations, then the legislative and administrative acts coming within the scope of the New Deal must conform to some necessities and purposes. Bewildering as they may have seemed as they came pell-mell from Congress and the Executive Department, they were directed to some objectives, enclosed in some conception or compromise of conceptions.

From the beginning the Roosevelt administration, like all other administrations, has been compelled to face certain necessities in the scene. "It is a condition, not a theory, that confronts us." Unemployment and misery in industrial cities, the undoubted distresses of agriculture, the bankruptcy of many great railways, defaulted real estate bonds by the billion, towering financial structures in ruins, and hundreds of banks in distress—these things and more stood there, stark and inescapable hard facts, not vain imaginings. Something had to be done about them. President Hoover had wrestled with them. President Roosevelt continued the wrestling. And every consideration of them involved all the great interests in the country—concentrated industry and finance, organized and unorganized labor, the middle classes, and agriculture, each embracing within itself conflicting interests. Also in the scene were the bitter experiences of the great economic débâcle of 1929 and the following years. Efforts to prevent a repetition of that ruinous

swing seemed necessary. Likewise in the scene were revelations of the manipulations, shufflings and intrigues behind the crisis—revelations made by the banking investigation and other inquiries. In the scene also was politics—the iron necessity which any administration is under to derive its support from emphasis on one side or another in the conflict of interests.

With history, which only the strong can endure, so conceived, the acts and policies of the departed Congress, adopted under the President's leadership, fall readily under a few heads, subject to limitations imposed by decisions of the Supreme Court, likewise carrying conceptions of interest. In such relations they take on meaning and indicate the drift of things, in which the Roosevelt administration and succeeding administrations will have to work, whatever their verbal patterns or their pretensions to recovering times past and lost.

Relying heavily upon the South and West for support and seeking to carry out vague promises of "parity prices for agricultural produce," made by Republicans and Democrats alike for years, Congress continued the farm program of the administration. By a bill signed on Aug. 24 it modified the language of the Agricultural Adjustment Act with a view to escaping the constrictions of the Supreme Court already expressed in judicial decisions. The amended AAA provides for the continuance of crop control, and subsidies to complying growers, extends for another year the Tobacco and Cotton Control Acts, includes potatoes in the long list of controlled commodities, substitutes official administration of market agreements for administration through licensed handlers, permits subsidizing the export of farm products except cotton,

authorizes official restriction of agricultural imports which threaten the American price structure and forbids the fixing of prices to consumers above "fair exchange value." To counter suits for the recovery of processing taxes already paid, the new act requires the plaintiff to show that no part of his tax has been passed on to the consumer or back to the producer.

While carrying forward crop control and augmenting, by government intervention, farm incomes, Congress continued the attack on farmers' debt charges intended to increase their net returns and enlarge their buying power. This attack was started by the Farm Loan Act of the Wilson administration and continued under Harding, Coolidge and Hoover. It was represented by earlier acts of the Roosevelt administration. Congress gave it new form by passing the Frazier-Lemke Farm Mortgage Bill, as a substitute for a previous measure annulled by the Supreme Court (see July CURRENT HISTORY, page 347). This is in substance a debt-scaling scheme, not unlike similar projects applied in railroad reorganizations. Coupled with the Farm Credit Act of June 3, 1935, and the long line of farm financing measures, the Frazier-Lemke Bill aids in mitigating historic rules for the liquidation of debtors and in the transfer of farm financing from local banks to cooperative and Federal agencies. If this trend, so marked for twenty years, is to be reversed, when and how?

To organized labor, which has been more or less officially a pillar of the Democratic party, Congress tendered the Guffey-Snyder Bill, adding it to the Wagner-Connery Labor Relations Act, approved on July 5, 1935 (see August CURRENT HISTORY, page 519). It is true that this measure had the

support of powerful employing interests in the bituminous coal fields and was, with some justification, denounced as a union of owners and employes against the public. Nevertheless, it could scarcely have passed both Houses without the persistent pressure of representatives speaking for organized operatives.

The bill declares that the mining and distribution of bituminous coal are "affected with public interest" and require regulation in "the general welfare." It creates a Coal Commission, directs the commission to formulate a Bituminous Coal Code, authorizes the establishment of district boards of coal producers, and sanctions the adoption of regulations covering district production, including the fixing of minimum prices. The bill applies to the bituminous coal industry the principle of Section 7a of NRA, giving to labor the right to organize and bargain collectively through representatives of its own choosing, free from employer interference. To assure compliance with this stipulation a Coal Labor Board is to be instituted. For the enforcement of the whole measure the taxing power is employed. A punitive excise tax is imposed on the disposal of all bituminous coal produced in the United States, and coal producers who comply with the codes and other obligations of the law are to enjoy a drawback equivalent to 90 per cent of the tax. To make the measure palatable to consuming interests the President is to appoint a Consumers' Counsel who is to represent the consuming public before the Coal Commission, investigate the industry and otherwise scrutinize mining and pricing.

Despite all the attacks on the Guffey-Snyder Coal Bill, especially by Republicans who appeared to be alarmed over the Constitution, this

measure represented the outcome of a long-time trend in the thought and practice of the industry. In fact, it simply applied in detail the broad principles laid down by the United States Coal Commission in Harding's administration, after months of exhaustive inquiry into the history and condition of soft coal mining and distribution. What Congress really did under the leadership of President Roosevelt was to grapple resolutely with issues presented by the Harding Commission and long neglected as the industry ran down hill into greater ruin. Critics, as usual, neglected history and treated the bill as if it had come fresh from a sophomoric brain trust, but sponsors of the measure in the House and Senate forcibly presented the historic conditions out of which it emerged. Nor did they overlook the decision of the Supreme Court in *Appalachian Coals, &c., v. The United States*, on March 13, 1932, lending some sanction to the effort to organize an industry "grievously hurt," in which "producing concerns fail, * * * unemployment mounts and communities * * * are prostrated." If this trend in the coal industry, so strongly marked for nearly twenty years, is to be reversed, when and how?

To another powerful branch of organized labor—the railway workers—was tendered special consideration in the Wagner-Crosser Retirement Act, to take the place of the railroad pension law invalidated by the Supreme Court. The new act is more closely drawn and limited in scope in view of criticisms advanced in the opinion of the court. It is limited to railway workers who have reached the age of 65 or have seen at least thirty years of service and who make application for the pension, or are retired on account of physical or mental disabilities. Taking note that the Su-

preme Court placed the previous law outside the pale of interstate commerce, Congress shifted the base of the new bill from its commerce power to its taxing power. Carriers and their employes are to be taxed, and out of the funds so collected the Treasury is to pay retirement allowances.

Working in line with a tradition running far back into the common law, Congress enacted three statutes relative to public utilities—railways, buses and electric power. By the Rail Extension Act it extended the office of Coordinator of Transportation until June 17, 1936, and thus sought to forward the work of consolidating operations and eliminating wastes, duplications and inefficiencies long obvious in the scattered and competing railway companies. This act is in keeping with innumerable reports and recommendations made by official and private bodies during the past twenty-five years.

Responding to the long-standing demands of railway companies, to reports of the Interstate Commerce Commission on accidents, rate-cutting and other abuses, and to discussions of the subject in Congress running back for at least ten years, Congress on Aug. 5 enacted a law placing interstate bus and truck transportation under the authority of the Interstate Commerce Commission. Common and contract carriers of this class must secure certificates of public convenience from the commission, and submit to commission regulations respecting safety appliances, hours of labor, rates and the issuance of securities. In short, motor commerce is placed on the same footing as rail commerce, and provisions are made for drawing that branch of transportation into a consolidated and coordinated national system of transporta-

tion. This measure was violently opposed by various automobile interests and bus and truck operators, but it was driven through under Executive pressure. It promises to end the paradox of taxing railways to help build highways for the benefit of competitors engaged in driving railroads into bankruptcy.

In dealing with the electric power industry, which has long been becoming national in scope and operations, Congress displayed two types of interest, neither of them new. Continuing theories and practices which have been widely accepted in State and Federal operations for years, Congress sought to eliminate some of the abuses in the organization and financing of gigantic utility concerns—abuses made evident by the Senate banking investigation, the exhaustive inquiries of the Federal Trade Commission, the collapse of the Insull utility empire and lobbying activities of day before yesterday. By specific provisions it attempted to protect investors from drains made upon them by high finance, and to favor consumers by reducing burdensome carrying and service charges. These principles it incorporated in the Holding Company Act of Aug. 26.

Although suffering from a double defeat in the House of Representatives (see September CURRENT HISTORY, page 630), President Roosevelt stuck by his guns, and near the last moment a compromise measure went through both Houses with surprising speed, its passage being facilitated no doubt by revelations of lobbying activities which even shocked lobbyists of caution and discretion. In the compromise more leeway was given to the Securities Exchange Commission in dissolving higher holding companies, and the period for performing the

operation was extended. At the same time the act, despite the charge of "death sentence" hurled against it by critics, allows for the integration of electric utilities on a regional basis when technical advantages may accrue and for a high degree of holding-company control where bona fide services are rendered. After three years the operations of holding companies are to be limited to single integrated systems and to business directly connected with supplying services to consumers. Exemptions may be granted to companies controlling a group of systems, all in the same region, which may be otherwise too small for economic operation. Holding companies beyond the second degree, however, are forbidden, and the Federal Power Commission is empowered to regulate the rates and services of electrical concerns doing an interstate business.

Meanwhile Congress and the administration continued another quest in the electrical industry, the results of which are incorporated in hundreds of volumes, official and private—that is, the quest for accurate knowledge respecting costs, rationalized rate structures, efficient operating conditions, "fair" rates and terms of "prudent investment." Notwithstanding much floundering around and the pull of local interests, certain positive steps were taken under these heads. In efforts to definitize the "yardstick" for measuring costs, Congress amplified and clarified the TVA Act. The amended act affirms the right of the authority to sell power to States and municipal bodies within transmission distance from the dams, authorizes it to lend money to public bodies for the purpose of acquiring transmission systems and permits it to regulate power resale rates. It seeks to avoid the charge of "unconstitutional dele-

gation of power" by specifying more minutely the lawful activities of the authority.

Less spectacular, but scarcely less important, was the publication during the Summer and Autumn of the findings of the National Power Survey, conducted under the auspices of the Federal Power Commission. These findings are in the nature of "cold facts." They give comparable rates in comparable communities under comparable conditions, and cover all sections of the country. For the first time in the history of the electrical industry a comprehensive body of statistical data on rates and rate structures has been assembled. Both public agencies and private operating companies are now given a fact-basis for rate making. Not only does the survey disclose a bewildering diversity of rates; it reveals a bewildering diversity of rate-structures built up by rule-of-thumb in many cases. It also gives comparable rates charged by plants publicly owned and thus permits a more exact comparison than heretofore. It is not wide of the mark to attribute, in part, wide-spread rate reductions by private concerns which have occurred during recent months to the findings and comparisons of the National Power Survey.

Within the sphere of public utility regulation may be placed the Railroad Reorganization Act, although it is partly designed to eliminate some of the abuses revealed by the Senate banking investigation and also made notorious by preliminary inquiries of the Senate Interstate Commerce Committee under the direction of Senator Wheeler. The new act modifies Section 77 of the Bankruptcy Act rushed through Congress in the closing weeks of the Hoover administration. After approving a petition for relief duly

filed by creditors, the Federal judge in charge must appoint a trustee or trustees subject to the ratification of the Interstate Commerce Commission. The trustee or trustees must file lists of all bondholders and creditors, thus permitting independent bondholders to discover who their fellow-members in interest really are. Within six months a plan of reorganization must be filed by the debtor, unless allowed an extension of time by the court.

On this plan the Interstate Commerce Commission must hold hearings, and, if it approves, transmit the plan to the court for action. If the judge finds the plan "fair and equitable," and affording due recognition of the rights of the several classes of creditors, he shall return it to the commission with his note of approval. Thereupon the commission must submit the plan to the creditors and stockholders. If the plan receives the approval of two-thirds of those voting, the judge must put it into effect. If the approval of the two-thirds is not received, the judge may, nevertheless, confirm the plan if he finds it adequate and equitable. In case of undue delay the judge may dismiss proceedings.

Though entangled in fifty years of railway legislation and operation, the act marks a step away from the domination of railway management and reorganization by powerful banking groups. Federal judicial and administrative control is tightened, yet not to the point of prescribing terms of reorganization and selecting the directors of revamped railway concerns.

In the nature of the utilities control, with some of the same objectives more or less explicitly formulated, was the Air-Mail Act, approved on Aug. 14, 1935. This measure enlarges and defines routes, permits the Post-

master General to make three-year contracts with carrying concerns, directs the Interstate Commerce Commission to determine "fair and reasonable rates" while continuing the maximum rates of 1934, and places the burden of proof on contractors asking for rate increases. It continues in effect decisions of the National Labor Board and its successor in authority respecting hours, wages, bargaining and other labor relations. Thus a fragment of NIRA was preserved in this connection, despite the decision of the Supreme Court attacking the issue from another angle.

Besides taking actions pertaining to agriculture, labor and great national utilities—actions with objectives large and small, however confused, the Roosevelt administration faced the stresses and strains of the business depression in general. President Hoover had begun to deal with them in a large way. Since the day of his inauguration President Roosevelt and Congress have wrestled with them, inevitably, whatever criticisms of the outcome may be made. Among the insistent demands of the time none has been more insistent than the demand for some kind of public and centralized control over banks and credit inflation which are generally believed to be partly responsible for the boom in 1929 and the magnitude of the burst that followed. It was in response to this eager search for control over private inflation and for a higher degree of stability in currency vibrations that the Eccles Banking Bill was introduced in Congress last February. (See March CURRENT HISTORY, page 721.)

After a stormy career and many modifications, the Banking Act of 1935 became a law on Aug. 23. Two main points were at issue, and in the

course of the hearings and debates private bankers and administrative officials made concessions. How far does the buying and selling of Federal bonds and other obligations on the open market influence the credit fluctuations that are especially marked in business booms and bursts? Who shall control this buying and selling—these open market operations—private bankers or public officials? Out of the discussion emerged the conclusion that open market operations are important, if not determining. So control over them was vested by the Banking Act in an open market committee, representing both government and bankers.

For the old Federal Reserve Board was substituted a seven-member Board of Governors, nominated by the President. After Feb. 1, 1936, the Secretary of the Treasury and the Controller of the Currency are to be eliminated from the board as newly constituted. The open market committee is to consist of the seven members on the Federal Board of Governors and five members representing, and elected by, the twelve regional Federal Reserve Banks. Thus the government has a majority and the bankers a voice.

The act also empowers the central Board of Governors to raise the ratio of reserves against deposits with a view to imposing another check on the use of deposits by banks for speculative purposes. In the interests of centralization and stabilization, the Banking Act extended the Federal Insurance of Deposits Act, expiring on Aug. 31, 1935, up to \$5,000 for each depositor. It requires all State banks with deposits of \$1,000,000 or more to join the Federal Reserve System by 1942, if they are to have their deposits insured. Thus another great step was taken in the direction of national control, amid furious objections, from

sponsors of the original Federal Reserve Act in Wilson's administration, who seemed to imagine that time brings no changes.

The resolve of the administration to keep firm control over the currency was also expressed in the Gold Clause Act which deprives claimants of the right to sue the United States in connection with any gold-clause securities, any coin or currency, or any claims arising out of the seizure of gold or silver, or any claims growing out of changes in the metallic content of the dollar. Thus fell to the ground last Spring's decision of the Supreme Court in the gold case.

While the Banking Act seeks to control booms and bursts at the top, the Social Security Act, approved on Aug. 14, attacks depression miseries at the bottom, with the intention of mitigating them and at the same time distributing some buying power to the victims. In this way the sense of mercy may be satisfied, possible distempers allayed and the demand for consumers' goods kept at a level above that afforded when distress takes its "natural" and "normal" course through ruin to prosperity and back again. After the Social Security Bill passed the House in April it had rough sledding in the Senate and was modified in numerous respects. Yet the broad principles were retained. The Federal Government is to make grants to States for old-age pensions and for assistance to dependent mothers, the blind and certain health and welfare activities. To this scheme is added a system of contributory old-age insurance for certain classes of the population and a project for State unemployment insurance under the threat of a Federal tax on payrolls. (See June CURRENT HISTORY, page 295.)

Although the decision of the

Supreme Court in the NIRA case disconcerted for a time efforts of the Roosevelt administration to introduce "stability" into general industry and prescribe standards of hours and wages for labor, that issue was not entirely given up. Under the drastically amended NIRA of June 14 (see August CURRENT HISTORY, page 518), the skeletonized Recovery Administration and the Federal Trade Commission continued studies of hours, wages and trade practices with a view to the revival of the whole problem for the next session of Congress. In the meantime certain elements of NIRA were introduced into the Wagner-Connery Labor Relations Act of July 5, the Guffey-Snyder Coal Act and the Air-Mail Act. Certain features of it also appeared in the Federal Alcohol Act. To the liquor, wine and brewing industry the Federal Government stands in a twofold relation: Under the interstate commerce clause of the Constitution and the amendment repealing prohibition. Taking advantage of this dual connection Congress provided for licensing alcoholic industries, banned "unfair practices and unlawful competition," and prescribed centralized control over the industries in the Federal Alcohol Administration in the Treasury.

Far more significant as illustrating a long-time trend than some measures which drew great headlines in the newspapers were two laws passed in July: The Federal Register Act and the Central Statistical Act. The first provides for the custody in the National Archives Establishment of all Federal proclamations, orders, regulations, notices and documents, and for the publication of a *Daily Register* containing orders and documents of general applicability and legal effect. This act gives tardy recognition to

the fact that in bulk, and frequently in importance, executive decrees, orders and proclamations outstrip statutes. Since the enactment of the Interstate Commerce Law in 1887, government by administrative orders and regulations has, of necessity, been steadily increasing. Congress has been laying down general principles. Commissions and other establishments have been making rules and concrete applications by the hundreds and thousands. At last the fact is recognized and provision is made for making regulations and decrees immediately available in one place. The Supreme Court may still split hairs over the "separation of powers" at its pleasure; government by administrative decree grows and will grow.

The second act recognizes the utility and necessity of comprehensive and coordinated statistics in the conduct of government by creating a Central Statistical Board to promote the improvement, development and coordination of Federal statistical services, and to provide statistical information on public questions as required. Despite the contempt poured on "planning" by the new wits, there will always be some planning, and knowledge will be required, unless statesmen are to resort to alchemy and political witchcraft.

To politics almost pure and simple must be ascribed the Revenue Act of 1935, passed after President Roosevelt's startling message on taxing "the very rich." (See September CURRENT HISTORY, page 626.) Efforts to widen the base of income and inheritance taxes were made in the Senate and came to naught. In its final form the act makes material increases, starting in the higher ranges of estates, gifts, individual incomes and corporate incomes, as originally con-

templated. It adds an excess profits tax and an intercorporate dividends tax and increases the rate on undivided profits of holding companies. But it does not provide for any increase in Federal revenues commensurate with the mounting expenditures and deficit. Nor does it make anything more than a gesture to the share-the-wealth advocates on the left. Yet it fits into the general objective of "leveling down great inequalities of fortune," which has haunted politicians since the great battle over the Income Tax Law of 1894.

Entirely in keeping with the spirit of Republican isolationism, the defeat of the World Court and President Roosevelt's break with the London Economic Conference of 1933, was the passage of the Neutrality Bill, sponsored, except as to details, by Senator Nye of the Munitions Investigating Committee. The Neutrality Act provides that as soon as the President proclaims the fact of war between foreign States it shall be unlawful to export "arms, ammunition or implements of war" from any port under the jurisdiction of the United States to any belligerent or to any neutral port for the use of a belligerent. It requires munition manufacturers to register with a board composed of the Secretaries of State, Treasury, War, Navy and Commerce, and penalizes unlawful shipments. If the President finds, during a foreign war, the peace and security of the United States endangered, he may proclaim the fact and thereafter citizens of the United States will travel on the ships of belligerents at their own risk, unless according to rules prescribed by the President. The President may also bar foreign submarines from the ports of the United States. This act, carrying no doubt unforeseen consequences,

marked a departure from traditional "neutral rights," broke violently with many accepted "foreign policies," and indicated above all a determination of Congress to keep the country out of the next European war.

At the close of the legislative season, the usual crowd of observers and prognosticators gathered around the caldron to express judgment on the broth. Old tunes were sung again. Things are getting better; at least, they are better than they were in March, 1933; and for these blessings gratitude must be tendered to the New Deal. On the other side: things were getting better in 1932, and if the Grand Old Party had been kept in power prosperity would be here. These were, of course, mere opinions, whistlings and wish-fulfillments. There was and is no way of proving the truth of either song, tune, or argument, for the simple reason that it is impossible for the country to start back in 1933 and discover what things would be like if President Hoover had been re-elected. Knowledge of that contingency is forever denied to mankind.

DEATH OF SENATOR LONG

Huey P. Long, Senator from Louisiana, died on Tuesday morning, Sept. 10, as the result of wounds received the previous Sunday evening when he was shot in the Louisiana State Capitol by Dr. Carl A. Weiss Jr. The 29-year-old assassin was immediately riddled with bullets fired by the Senator's bodyguard. The death of Long, who was 42 years old, and had made himself dictator of Louisiana, had great political significance, for he had been a bitter and powerful opponent of the Roosevelt administration while harboring Presidential ambitions that many observers believed might split the Democratic party.

Principal Legislation of the 74th Congress

1. **AAA AMENDMENTS.** Seek to bring farm program within Constitution and to increase AAA's effectiveness.
2. **ALCOHOL CONTROL ACT.** Creates Alcohol Control Administration to control the liquor traffic.
3. **AIR-MAIL ACT.** Gives Interstate Commerce Commission power to investigate rates; fixes routes, general contract terms, &c.
4. **BANKING ACT OF 1935.** Strengthens Federal control over money and credit.
5. **FARM MORTGAGE MORATORIUM ACT.** Permits farmers to be adjudged bankrupt, to stay foreclosures for three years and, under certain conditions, to regain property.
6. **GOLD CLAUSE ACT.** Prohibits citizens after Jan. 1, 1936, from suing the government for damages arising from dollar devaluation.
7. **GUFFEY-SNYDER COAL ACT.** Declares bituminous coal mining and distribution "affected with a national interest" and sets up regulation of the industry.
8. **LABOR DISPUTES ACT.** Establishes National Labor Relations Board to promote equality of bargaining between employer and employe and to lessen labor disputes.
9. **MOTOR CARRIERS.** Places interstate bus and truck lines under regulation of Interstate Commerce Commission.
10. **NATIONAL DEFENSE.** Appropriates nearly \$1,000,000,000 to strengthen army and navy.
11. **NEUTRALITY ACT.** Directs the President, until March 1, 1936, to embargo munitions to foreign States that may be at war; sets up licensing of arms manufacture; prescribes regulations for conduct of Americans when country is neutral.
12. **NRA EXTENSION ACT.** Continues NRA in skeletonized form.
13. **PETROLEUM ACT.** Partially regulates interstate and foreign commerce in petroleum and its products.
14. **RAILROAD PENSION ACT.** Establishes retirement annuities for railroad workers.
15. **RAILROAD REORGANIZATION ACT.** Seeks to simplify and improve procedure for financial reorganization of railroads.
16. **REVENUE ACT OF 1935.** Increases rates on estates, gifts, corporations, capital stock and profits of personal holding companies; levies excess profits tax and increases surtaxes on individual incomes.
17. **SOCIAL SECURITY ACT.** Provides for Federal old-age benefits and assists States to extend aid to the aged, dependent and crippled children, maternal and child welfare, public health and State unemployment insurance.
18. **TENNESSEE VALLEY ACT.** Sanctions TVA sale of surplus power, building of additional dams, acquisition of electric facilities, &c.
19. **UTILITY HOLDING ACT.** Places holding-company control under SEC and limits extent of utility holding companies.
20. **WORK-RELIEF ACT.** Appropriates \$4,880,000,000 to "provide relief, work relief and to increase employment."

Congress also adopted measures in regard to conservation of natural resources, crime, the foreign service, hours of work for postal employes, shipping and Spanish War veterans' pensions. The regular appropriation bills carrying a total of \$7,550,000,000 were also enacted with the exception of the Third Deficiency Bill, which was lost in the final hours of the session.

Social Credit Sweeps Alberta

By J. BARTLET BREBNER

STILL another characteristic Canadian Provincial political upset occurred in Alberta on Aug. 22 when a Social Credit party organized by William Aberhart defeated the United Farmers of Alberta, who had been in power since 1921, and captured all but design would be to issue Provincial Legislature. Under the prevailing system of proportional representation the Liberals seemed likely to secure five seats and the Conservatives two.

Aberhart, who did not run himself, is the principal of a Calgary high school and proprietor of the Prophetic Bible Institute and its radio station in the same city. His candidates professed adherence to his modification of the Douglas scheme of Social Credit, but this was so ill-defined on the hustings that the electors were in effect asked to give their support as an act of faith to a group of decent average citizens of radical economic views instead of to the old-line professional politicians. Agricultural Alberta has always been hospitable to political and economic extremes, but her 1935 performance excelled any demonstration of the past. Aberhart asked for a blank check and received it.

When he came to organize his victory by forming a Cabinet and finding seats in the Legislature for himself and one other Minister, Aberhart discovered that he had fallen heir to circumstances which seemed certain to defeat or seriously postpone his general aims. He had allowed it to be known that the central element in his design would be to issue Provincial

credit-dividend books of about \$25 a month to all citizens, with lesser amounts for minors. This credit would, of course, be available only for transactions inside the Provincial economy, with the Provincial Treasury arranging for ordinary cash transactions outside. Funds for these certificates were to be secured by fixing prices for domestic raw products and levying a tax of about 10 per cent on their turnover, as, for instance, the sale of wheat to the miller, of flour to the baker, and of bread to the consumer. To illustrate such a sequence it was suggested that the farmer would get for his wheat 55 cents a bushel and his dividend book, while the Province collected 65 cents a bushel in taxes.

Unfortunately, there was not only no cash in the Provincial Treasury but the very victory of Social Credit had promptly destroyed other forms of credit. The Provincial bonds, already depressed, fell further as capital fled to safer havens. Even the Canadian dollar was slightly depreciated abroad. On Aug. 27 the Province suspended redemption of its savings certificates because of extensive withdrawals and the unsalability of the Provincial bonds which constituted the reserves. The same day Mayor Andrew Davison of Calgary announced that the city would default on its obligations unless it received Provincial or Dominion aid. By the beginning of September it was calculated that Aberhart must raise about \$12,000,000 at once to meet obligations quite outside his own schemes.

Since the bankers would have none of him, he could only turn to Ottawa, thereby loading another burden on the shoulders of Premier Bennett. At the same time the Social Credit party announced that it would enter its own candidates in the forthcoming Federal election, a move which Mr. Bennett could welcome because it both precluded an alliance of Aberhart with Stevens's Reconstruction party and, by increasing the number of parties to five, might, after the election, necessitate a coalition national government in which the Conservatives, who seemed unlikely to secure a majority, would play some part.

In the circumstances no one, not even Mr. Aberhart, could predict whether Social Credit could actually use its first electoral victory in the world to initiate Major C. H. Douglas's ideas in Alberta. When Douglas visited the Province early in 1935 it was as financial consultant to the previous government, but his contract runs for two years, and Aberhart announced that he would soon summon him. Douglas's plan, which has been thoroughly elaborated in his books, is designed for an economy more self-contained than that of a Province which forms part of a Federation. Aberhart has simplified Douglas's technicalities into simple vote-catching terms. The two men were not in agreement earlier in the year. Most observers felt, therefore, that it was unlikely that Social Credit could have a thorough trial in Alberta, while Aberhart, whose pronouncements just before the election had steadily diminished in emphasis and exactness, announced that it might be eighteen months before he could begin to carry out his grand design.

The new Premier found that his first task must be to reassure inves-

tors and creditors that he had "no intention of confiscation or repudiation in any way, shape or form." "On the contrary," he said, "we will protect capital." He assured investors that the savings certificate situation would be cleared up in ten days. Having postponed his dividend books for a year or two, he stressed other aspects of his program, such as prevention of mortgage foreclosures, free loans for debt refundings and so on. The obvious impossibility of his immediately banishing poverty from Alberta and his necessary dependence on Federal funds to handle pressing relief and debt payments won considerable sympathy for the man and persuaded many that Alberta's form of Social Credit would gradually lose its identity and be merged with national policy at Ottawa in much the same way that Western Progressivism modified the national administrations after the depression of 1920-21.

CANADA'S PRE-ELECTION LULL

Prime Minister Bennett on Aug. 14 secured dissolution of Parliament and announced that Thanksgiving Day would be shifted from Oct. 14 to Oct. 24, so that the general election could be held on the former date. During the month the party organizations laid their plans while awaiting the results of the Alberta election. A few lesser lights in each party warmed up the constituencies with speeches during the nominations, but the big guns like Bennett, King and Stevens were to begin their nation-wide speaking tours in the week after Labor Day.

The Conservatives faithfully awaited some major pronouncement from Mr. Bennett that might dispel the prevailing omens of defeat, but their leader was holding his fire. Some observers felt that the best he could hope for would be that the multiplica-

tion of parties would deprive the Liberals of a clear majority and necessitate a coalition. This would explain both Conservative friendliness to the so-called non-party national government groups in Toronto and Montreal and Mr. Bennett's remarks about the necessity of "reorganizing" his patched-up Cabinet after the election. In some of their utterances Mr. King and the Liberals seemed to fear this possibility, for they stressed the necessity of a solid Liberal majority to end Conservative "dictatorship" and "fascism," the "hare-brained radicalism" of the Socialistic Cooperative Commonwealth Federation and the Social Credit party, and the "ill-considered" designs of Stevens's Reconstruction party.

Mr. Stevens was quick to flirt with Aberhart after his victory, but he was bluntly jilted. Social Credit might be puzzled over what could be done in Alberta, but it was determined to capitalize its popularity by sending a solid contingent to Ottawa to speak for the radical, distressed West. All over Canada voters who were tired of the old parties showed interest in the lively, unconventional Mr. Stevens by forming clubs to support him, but they had little or no professional political technique at their command and found it difficult to secure well-known candidates. Stevens had a very short time in which to canalize this enthusiasm in various parts of the immense Dominion and he could not improvise a corps of lieutenants to do the work for him except during the intervals of a nation-wide speaking tour.

Yet he had one advantage in his ability to get into the newspapers, which his rivals of the C. C. F. conspicuously lacked. There was little or no news of the Socialists' doings except in their own small periodicals of

limited circulation. Superficially their simple, downright cause seemed to have been damaged by demagogic rivals in British Columbia and Alberta, to have barely held its own in Saskatchewan and Manitoba, and to have made its only gains in Ontario. The C. C. F. has always been a loosely knit organization of little more weight than the moral appeal of its altruistic leader in the Dominion Parliament, J. S. Woodsworth.

CANADIAN ECONOMIC OUTLOOK

Early frosts in the Northern prairie region in August assisted rust and heat in the Southern to cut down the expected wheat yield. Drought in the Southern Hemisphere was having disastrous effects on Argentine prospects and reducing competition from Australia. The United States and Canada were harvesting their fourth successive short crop and it was expected that the Soviet Union, the Danubian countries and France would export relatively small amounts. In these circumstances, while bullish wheat speculators grumbled over the absence of any spectacular price rise, less prejudiced witnesses began to regard the huge Canadian carry-over of over 203,000,000 bushels at the end of the crop year as a blessing instead of a threat to world price dislocation.

J. I. McFarland, the former government operator, who on Aug. 14 was named chairman of the new Wheat Board, let it be known that the board would not sell the surplus for what it would bring, as had been believed inevitable in June, but would dispose of the government's immense holdings gradually. The board allowed trading in October and December futures on Aug. 15, after a long period during which trading in futures had been almost eliminated. Their restrictions

prescribed a daily range per bushel of only 3 cents up or down. It was generally believed that the board hoped to get 85 cents a bushel for the 200,000,000 bushels of last year's crop which McFarland had bought for government account.

Prices fluctuated relatively little and remained well above the pegged 80-cent level for all three deliveries. Since American millers to save on the processing tax were buying heavy Canadian old crop grades rather than the light grains resulting from this year's heat on both sides of the line, the exports to the United States, which began climbing over the tariff wall during July, accelerated during August. The drop in Canadian prices toward the end of the month was due to the board's repeated postponements in announcing the prices to be paid to

farmers for this year's crop. The farmers wanted at least 84 cents and the miller not more than 80, but the government was delaying as long as possible in the hope of better world prices, which could be used for their full effect on the Western voters.

Canadian economic conditions seemingly began to improve again in August, chiefly owing to the widespread effects of the better wheat situation. The trade war with Japan was beginning to show its effects, particularly in British Columbia owing to the diversion of Japanese purchases of wood products to the United States. Canada meanwhile was extending most-favored-nation treatment to Poland and to five Latin American countries. On the other hand, hopes for a substantial trade treaty with the United States were steadily declining.

Collapse of the Chaco Parley

By HUBERT HERRING

THE hopeful atmosphere which surrounded the Chaco Peace Conference in July was dissipated in August. So long as the conferees talked of the beauties of peace without specifying the terms, all went happily. It seemed in July that the rivals were minded to make concessions, to approach the problem with fair play and reasonableness. As the conference proceeded the seemingly irreconcilable enmities emerged again, and it became increasingly clear in August that neither side intended to concede anything. By Aug. 23, Ambassador Hugh Gibson had packed his trunks and returned to his post in Rio de Janeiro, three out of the five Bolivian delegates had gone

home, and the conference sessions had been suspended. The conference had reached a deadlock.

Early in August, the conference settled down to a sharply drawn contest on four major issues: (1) The fixing of boundaries between Paraguay and Bolivia; (2) the exchange and repatriation of prisoners of war; (3) the fixing of responsibility for the war and the settling of damages; (4) an economic accord, with necessary treaties on commerce and navigation.

The first obstacle concerned war prisoners. Paraguay, after apparent willingness according to earlier reports to take a generous attitude on the question, swung around to an ut-

terly intransigent position, and refused to make any concession on the 25,000 Bolivians whom she holds. Bolivia is in a poor position to bargain as she holds hardly more than 2,500 Paraguayans. Paraguay was willing to exchange man for man, an arrangement that would leave over 20,000 hostages in the concentration camps of Paraguay. The precedents support Paraguay. She announced that she would hold all prisoners until a treaty of peace was signed.

The question of an economic accord was indefinitely postponed upon the motion of the Argentine delegation, which had been charged with preparing drafts. Carlos Saavedra Lamas, the Argentine Foreign Minister, said that additional time would be required without setting any date when they could be expected.

The third obstacle arose on the question of assessing war guilt and determining reparations. There was a tentative agreement to invite Argentina, Brazil and the United States to appoint one judge each to sit upon a commission to which this issue would be submitted. The Peruvian delegates, backed by the Bolivians, moved that this be postponed, arguing that there was more heat than light to be gained by following that tortuous road.

The fourth and last question met the same fate. The question of boundaries in the Chaco Boreal, the issue over which the two countries had fought for three years in a peculiarly cruel and inconclusive war, provoked the greatest bitterness of all. It was agreed to have the rival delegations present their claims verbally at separate sessions of the neutrals. This was done. A strict censorship was enforced, and the rival claims were not published. It was unofficially reported that the terms in each case were so

harsh that it was felt unwise to report to either of the two rivals what the other wanted.

At the closed session of the conference subsequently held, and to which neither of the two rivals were invited, it was evidently felt that there was so formidable a disparity between the opposing claims that further conference would, for the time, be fruitless. It was therefore decided to suspend the sessions indefinitely.

An unexpected element injected into the negotiations in August was Paraguay's threat to foment rebellion in the Provinces of Beni and Santa Cruz in the hope of detaching them from Bolivia and creating an independent buffer State between that republic and the Chaco. It was proposed that a new republic of Santa Cruz be erected, with a territory larger than that of either present-day Uruguay or Paraguay or of what would remain of Bolivia. This region has never been particularly friendly to La Paz, and there is a considerable section of the population more akin to Paraguay than to Bolivia. The proposal aroused a storm of wrath in Bolivia, being interpreted as one more instance of Paraguayan perfidy. It helped to kill a peace conference already struggling for breath.

The responsibility for the breakdown of the conference falls upon both sides of the former battle line. Bolivia's internal situation is grave. In spite of brighter economic prospects with an increased demand for tin at higher prices, President Tejada's administration commands but lukewarm support. He seems to be a man of peaceful temper and desirous of reaching an agreement that would stand, but he is confronted by intransigents who will yield nothing. The Paraguayan tactics, especially the proposal

to detach the two lowland Provinces, played into the hands of his enemies, and increased the precariousness of his position.

On the side of the Paraguayans, despite earlier signs of a conciliatory spirit, the victor-psychology became increasingly manifest. They had conquered the Chaco, and they did not intend to give it up. Their attitude on the release of prisoners, though technically correct, exasperated the Bolivians. Behind all other factors is a commercial imperialism which reaches down the Rio de la Plata and over to Britain. Argentine business interests are involved, and behind them are unquestionably British interests—shipping, meat-packing and oil. All this is quite strictly unofficial and largely unorganized, but there seems no doubt that the demands of Asuncion have been stiffened by the counsels of those who control the lion's share of Paraguay's economic life. The thrust toward the Andes has always held that element, but it appears in more naked light now that the final struggle is on to write the terms of peace.

THE CUBAN KETTLE SIMMERS

July and August were relatively uneventful months in Cuba. The authorities continued to talk about the December elections, but it was quite clear that no one had the slightest interest in them. Manoeuvring for position by the various political sectors continued. The Liberal coalition, advertised to gather in the party of Machado as well as other conservative forces, seemed about to pick ex-Mayor Miguel Mariano Gomez as its standard bearer, but the plan went astray. Various banished Machadistas living in New York and elsewhere began to grow too confident. Gomez, always

astute, decided that it would be bad politics to represent a group for which the Machadistas ventured to talk. So by the end of July the proposed Liberal coalition was without a leader. The chances seemed slight at the end of August of any orderly party organization looking toward constitutional elections.

The two moderately cohesive parties of the Left, the Autenticos of Grau San Martin and Young Cuba, announced again that they would not participate in any election. They pronounced anathema the works of President Mendieta, Colonel Batista and Ambassador Caffery. They are frank in preparing for revolt. Both have war funds, especially Young Cuba. One of the leaders of that highly colorful organization told me on Aug. 1 that they would be ready to strike after "one more kidnapping."

August saw two other elements thrown into the political kettle. Carlos Manuel de Cespedes, the mild Provisional President who held office during the twenty-two days following the downfall of President Machado, arrived in Havana from Spain on Aug. 10 and announced that he had Presidential aspirations. On Aug. 7 it was announced that the entire governing body of the ABC, the semi-Fascist revolutionary organization chiefly responsible for Machado's defeat, had resigned and that a new group had been chosen. Behind this announcement lies the almost total disintegration of the movement which in 1933 was expected to exercise a preponderant influence in Cuban politics.

Batista in the meantime has built up a highly effective military machine. The arsenals are filled. Men are paid. It is questionable whether any military attack would be successful unless there should be a serious defection.

tion in the army. Militating against such defection is the greatly improved economic status of the island. The fiscal year closed on July 1 with only a slight deficit. The island's business was on the increase. Imports from the United States are on the upgrade.

The growing friction between President Mendieta and Colonel Batista came almost to the breaking point in July when the military dictator continued to brush aside the decisions of the President. It was reliably reported that Batista was on the point of casting the President aside, but that he was dissuaded by the American Ambassador. This was the interpretation of Cubans close to the palace in Havana.

Cuban financial circles were busy in August discussing the report of Earl B. Schwulz, an expert sent by the RFC at the request of President Mendieta. The chief recommendations in this report were for the creation of a farm bank designed to encourage and protect the small farmer and for the establishment of a Cuban national currency. The farm bank idea had been urged in 1934 by the Commission on Cuban Affairs of the Foreign Policy Association. The Schwulz plan provides that such a bank be financed through a production tax on sugar of about 6 cents per 150 pounds. The large sugar producers oppose this plan on the ground that they would in effect be called upon to finance their smaller competitors. The Schwulz currency proposal calls for the issuance of a national paper currency, pegged to the United States dollar and guaranteed by a silver reserve deposit in the United States. The proposal was attacked from the Cuban Left as another indication of Washington domination and from the Right as a dangerous inflationary measure.

A self-appointed commission of in-

quiry descended upon Havana from New York on July 2, intent upon discovering the facts about the repressive measures employed by the Mendieta régime. There were fifteen men and women in the group headed by Clifford Odets, the New York playwright. On arrival in Havana they were met by Cuban detectives, and taken to jail for examination. The next day they were sent home on the steamer on which they had arrived. In an appeal to President Roosevelt the commission demanded the immediate recall of Ambassador Caffery. On Aug. 2 the President announced that he fully endorsed a statement by Acting Secretary of State William Phillips, in which he declared Ambassador Caffery to have the full confidence of Washington.

Another unofficial commission, Cuban this time, made a return visit to Washington in mid-August, representing the Social Economic Union of Cuba, an organization purporting to represent Cuban capital, labor, agriculture and industry. They called upon President Roosevelt, Secretary Hull and Secretary Wallace to assure them of the Cuban desire to cooperate with the United States. Senator Nye in a letter to the commission said that the best way to begin cooperation was the payment of interest on outstanding loans. Altogether it seemed quite clear that the commission was about as representative, and its mission about as inconclusive as the somewhat Communist-tinted commission of playwright Odets.

ARGENTINE POLITICAL STRIFE

The long-smoldering political discontent in Argentina became vocal in August. The group in control, the *Concordancia*, is a coalition in which the National Democratic party (Conservatives) predominate. The Presi-

dent, General Agustin P. Justo, has the support of the Right Wing groups, and of a number of nationalistic and Fascist groups, the chief of which is the Legion Civica. Opposed to this coalition are the Radicals, a party which held power from 1916 to 1930, when they were overturned by the movement led by General Uriburu. The leader of the Radicals is Dr. Marcelo de Alvear, who is regarded as the dominant political leader of the republic. There is an aggressive Socialist party which dominates the city government of Buenos Aires, while a Progressive Democratic party has its stronghold in the Province of Santa Fe.

The issue that emerged in August was the threat of Fascist dictatorship. President Justo's attempt to impose a strict censorship on the press and the exchange of shots in the Senate over the tactics of the meat packers precipitated the argument. Mass meetings were held in Buenos Aires and elsewhere to protest against what was held to be an impending Fascist coup. The Radicals, while not participating in these meetings, announced that no Fascists would be tolerated in their ranks. Parties mean little in Argentina because of the feudal character of the agricultural community. Nevertheless, a widespread and obstinate confidence in democratic processes prevails. The Radicals are determined to go to the country on the issue of constitutionality versus dictatorship.

The tension was somewhat relieved when on Aug. 20 the Attorney General ruled against the edict putting press associations and newspaper correspondents under bond. This was regarded as a partial surrender by President Justo.

The Argentine economic situation steadily improved during the first

seven months of 1935. Foreign trade increased 13 per cent over the same period of a year ago. The Central Bank of Argentina reflected the improvement, with gold reserves showing a steady gain. New industries have steadily improved, and a movement has set in for further diversification of agricultural products. Argentina, like Brazil, took advantage of the shift in the world market for cotton created by the policy of the United States and increased her production of that commodity in 1934 by 33 per cent over the previous year.

ECUADOR DEPOSES A DICTATOR

Ecuador offers further proof that dictatorship is on the wane in South America. On Aug. 20 the army arrested President José M. Velasco Ibarra and confined him to the barracks in Quito. He had, during the preceding weeks, taken various drastic steps to tighten his hold upon his unruly country. He had seized the newspapers and ordered that no edition be published without police approval. He had jailed many of the leading oppositionists both within and without Congress. The crisis was finally precipitated by his proclamation closing Congress. Behind him were a part of the army and a semi-Fascist group called Accion Civica. These went with him until his case was hopeless, but the stronger leaders of the army seem to have been intent upon avoiding dictatorship. The argument of constitutionality weighed more heavily with the army in Ecuador than in some other republics.

Velasco deposed, the army selected Antonio Pons as President of the provisional government. The new President proceeded to select a Cabinet. Dispatches indicated that he roused but little popular enthusiasm. There is a genuine demand for a leader well removed from the régime of Velasco

Ibarra. The ruling class in Ecuador represents a small part of the population, and politics is their engrossing business. The workers of the republic, urban and rural, have grown increasingly restive and have been demanding larger representation and a voice in determining public policy. They view the swift changes in Presidents and Cabinets which have been the rule during recent years as family feuds of the ruling class.

INCREASED MEXICAN UNITY

President Lazaro Cardenas of Mexico continued in August to strengthen his position. It was the third month in which he ruled in his own right, after the elimination of Calles in June. Close observers agree that Calles is no longer a factor in the situation, and doubt whether he will seek to embarrass Cardenas.

The State feuds quieted down during the month. In Tamaulipas the Calles leaders were replaced by Cardenas supporters. In Nuevo Leon the election of July 28 had been indecisive, and both candidates for Governor, Plutarco Elias Calles Jr., the son of the former chief, and General Fortunato Zuazua declared that there had been fraud. The election was finally nullified in August and another ordered.

President Cardenas on Aug. 16 announced his determination to resume payments on the foreign debt as soon as possible. This debt was consolidated in 1932 at a total of \$267,000,000, but the payments contemplated by the agreement have not been made. Though one-third of these bonds is held in the United States, Americans are chiefly interested in the agrarian bonds given in exchange for expropriated lands. President Cardenas believes that the rapidly improving economic situation will before long ena-

ble Mexico to negotiate a new settlement the terms of which the Mexican Government will faithfully meet.

Widespread unrest in the rural areas faced President Cardenas during the Summer. The agrarian forces have grown increasingly suspicious of the fair protestations of successive Presidents and have demanded that the subdivision of the great haciendas be resumed. Cardenas during August continued his appeal to the farming communities, apparently believing that the stability and integrity of his government rest upon the agrarians. He encouraged the organization of the peasants and launched a plan whereby they will be organized as military reserves of the regular army. This organization and arming of the agrarians is interpreted by many as a democratic check upon the professional army.

In the meantime official life in the capital has felt the tonic of the new leader. It has become a token of disgrace for a political leader to own a fine house and to drive expensive cars. Many high officials live in bungalows and drive their own Fords to work.

REFUGEES IN LATIN AMERICA

James G. McDonald, the League of Nations High Commissioner for German Refugees, and Samuel Guy Inman visited South America during the Spring of 1935 to investigate possible openings for German Jews who have been driven out of their country. Their reports were made public in August. Mr. McDonald was somewhat pessimistic. He evidently encountered definite anti-Semitic movements in some of the republics, and this, coupled with the strain of the depression, created little hope for Jewish settlers. Mr. Inman's report was somewhat more optimistic, particularly in regard to opportunities for settlement in Ecuador,

Paraguay and Colombia. He was confident that openings could be found for at least 100 university professors and for a considerable number of scientists and technicians. He reported plenty of demand for immigrants willing to work on farms, for which, however, the great majority of German Jewish refugees are not fitted.

PANAMA WINS SOVEREIGNTY

An agreement between the United States and the Republic of Panama was announced on Aug. 15 for a new basic treaty to supersede that of 1903. The complete text of the agreement was not revealed, but it is clear that Panama is assured release from the provisions in the 1903 treaty which permitted intervention by the United States. On the other hand, the United States will no longer guarantee the

independence of Panama. This agreement follows the lead of that made with Cuba, under which the Platt amendment was abrogated.

Other differences between the two countries were expected to be settled by the new treaty. One of these is the question of the payment of the annual Canal Zone rental of \$250,000. The agreement of 1904 called for payment in gold dollars of the standard of that year. Panama has refused, during the past two years, to accept payment in the devalued dollars of the United States. The State Department announcements left the final disposition of this matter somewhat in doubt. It appeared possible that the payments of the past two years would be met in gold, but that future payments would be in devalued American dollars.

Britain Enjoys a Boom

By RALPH THOMPSON

So all-consuming was British interest in matters warlike and international within recent weeks that domestic affairs were more or less cast in the shade. Yet ninety-five bills had received royal assent on Aug. 2, including the Housing Bill, the Restriction of Ribbon Development Bill and the measures extending the Exchequer subsidies to the cattle industry and to sugar growers. Business had experienced a mild boom instead of the customary Summer falling-off; unemployment had declined still further. A new high record in Bank of England note circulation had been set during the week ended Aug. 10, due in part to heightened trade activity but also to increased hoarding.

Somewhere in the hazy future hovered the much-discussed general election. Meanwhile Parliament was due to reassemble on Oct. 29, though in case of need it could be convened at any time.

The eventuality that might make it necessary to summon Parliament in advance was the crisis in foreign policy that had arisen out of the Ethiopian dispute. Parliament had recessed on Aug. 2 with the feeling that a well-earned rest was in prospect, and the members of the government had scattered to the four winds on vacation. But suddenly came the call for an extraordinary Cabinet meeting.

Concern over Italy's African venture had not developed out of a clear

sky. Just before the recess Sir Samuel Hoare, Foreign Secretary, had gravely announced in the House of Commons that the Ethiopian controversy was "fraught with every kind of dangerous issue" and that the government viewed it with gloom and apprehension. The Opposition had criticized Prime Minister Baldwin and his associates for their apparent willingness to allow the League of Nations to go to pieces on the rocks of Italian ambition. Few observers believed that a stern and uncompromising stand would be taken. But once it was taken, all the world sat up in wonder, half rejoicing and half afraid.

The Ethiopian question is discussed elsewhere in this magazine; all that need be said here is that the belligerent attitude of the British Government was not unconnected with the war-mindedness that had been growing in government circles in recent months. Intentionally or unintentionally, the celebration of King George's silver jubilee had embraced all-round homage to the British Army, Navy and Air Force. Steadily increasing appropriations for the defense services had been jammed through Parliament after the Admiralty and War Office had moved the public half to tears by confessions of their weakness and impotence.

Nevertheless, so far as the great mass of the people was concerned, peace sentiment predominated, and this was not least among the various factors the government had to consider in its attempts to deal with the crisis.

NEW IRISH CONSTITUTION

In the Irish Free State chief attention was, during recent weeks, directed to the question of a new Constitution. Certain Irish Nationalists who subscribed to the doctrine that Eng-

land's bad luck is Ireland's good luck prayed that war would come, for then would be the time to strike, and to strike hard, against the vestiges of British control. But the majority of the population were less bloodthirsty; war or no war, President de Valera seemed to be playing the anti-British game in a satisfactory manner. His progress toward an Irish republic, stumbling and uncertain as it might have become, was good enough for the rank and file of the voters.

Who could deny that during the past year the British connection had been whittled down perceptibly? The oath of allegiance to the Crown was gone, nominally and actually, and although an official representative of the King still signed Irish laws in the royal name, he was a figurehead appointed on the advice of the Free State Government. In the Constitution being framed by Mr. de Valera, moreover, the office of Governor General was to be combined with that of President of the Executive Council, so that the last formality of British overlordship would soon disappear.

Such, at least, was the rumor, and nothing more satisfactory than rumors could be had. The new Irish Constitution is indeed still something of a mystery. It is clearly intended to be an Irish-made affair, in contradistinction to the Constitution effected by royal proclamation in December, 1922. But at every step, it is believed, the British Government has been consulted. Not that Mr. de Valera has accepted the safeguards insisted upon by London; if reports are correct, he is determined to throw out any and every clause which does not conform with his ideas of Irish independence. The fact none the less seems to be that this home-manufactured Constitution is, paradoxically, also *not* a home-manufactured Constitution; the

Free State Government appears anxious to refrain from further antagonizing both Britain and the more radical Irish Nationalists.

In its economic war with Great Britain, the Free State has not been successful. Several years ago Mr. de Valera told London to whistle for its Irish land annuities, and a first-class tariff battle began. The results may be gathered from the Free State trade returns for the twelve months ended June 30, 1935. The unfavorable balance showed still another rise, until it stood at £18,785,000 (approximately \$94,000,000), as compared with £11,570,000 (\$58,000,000) for the year ended June 30, 1931. For 1934-35, moreover, the value of Ireland's total foreign trade also declined to a figure about 40 per cent below that for 1930-31.

How long the Free State can stand this gradually disappearing import and export business remains to be seen. Mr. de Valera is making valiant attempts to teach the country to feed itself, and not in vain, but less fortunate have been the results of his efforts to make Ireland independent of industrial Britain or to find new markets for the agricultural products which Ireland must export in order to live.

AUSTRALIAN PROGRESS

Australian finances, which were for years in deplorable shape, have improved greatly under the administration of Prime Minister Lyons. Accounts for the twelve months ended June 30 showed a surplus of nearly \$3,000,000, as compared with a deficit of about \$45,000,000 in 1931. While this surplus is smaller than that of the three previous years, it was achieved after paying out to wheat growers an unbudgeted sum of about \$13,000,000, and hence is viewed by

the government as something of a triumph.

The public debt of the Commonwealth and the States has mounted within the past five years at an annual average of nearly \$100,000,000, but the interest bill has been reduced by refunding and conversion until it now stands at \$30 per capita, as compared with \$42 during the fiscal year 1930-31. Loans are being paid off by the National Debt Commission at an average rate of \$30,000,000 a year.

It is generally realized, however, that no lasting prosperity can be achieved until questions of foreign trade are settled. Economic nationalism the world over has reduced the sale of Australian products and hampered the discovery of new markets, with consequent hard times at home. When Prime Minister Lyons was returned to office last September it was with the promise of a comprehensive program for the stimulation of the export trade. Now, at last, something along this line seems to be about to be done. Trade discussions are being carried on with Italy, France, Germany, Belgium, Czechoslovakia and Japan, and on Aug. 14 it was announced that as a result of Mr. Lyons's visit to Washington early in the Summer an Australian trade mission would soon arrive in the United States.

INDIAN RIOTS

A series of riots swept across India during the midsummer weeks, causing the loss of a good many lives and the destruction of much property. That India's new Constitution (see H. B. Lees-Smith's article on page 39 of this magazine) should have become law at about the same time was probably only coincidence; in no case was there an obvious link between the disturbers of the peace and those poli-

ticians who have fought so strenuously against the new measure.

Renewed trouble broke out on Aug. 10 near Lahore, where several weeks before a bloody Moslem-Sikh riot had resulted in the loss of ten lives. Within a few days police were forced to fire into a mob of anti-tax demonstrators at Shengani, in the State of Loharu, and almost simultaneously another fatal encounter took place near Phenera, in the Province of Bihar. On Aug. 25 fighting between Moslems and Hindus in Secunderabad, in the State of Hyderabad, resulted in the loss of several lives and the arrest of 100 persons. In the meantime British troops and planes stationed in the Northwest Frontier Province continued their campaign against the rebellious Mohmand tribesmen who have for

years been causing much trouble. Dispatches from Simla on Aug. 27 indicated that more than sixty natives had been killed in recent engagements.

Bengal, so long the scene of terrorist activities, has been in recent months comparatively quiet. Figures given out in the Provincial Legislative Council early in July reveal at least one reason why. Eighty terrorists are confined in jails, 1,468 in concentration camps, 229 in the Andaman Islands, 966 in homes, villages or specified areas, and one in a sanatorium. The Legislative Council on Aug. 26 passed without a division the Bengal Public Security (Extending) Bill, which validates for another three years the extraordinary anti-terrorist powers already exercised by the government under the Security Act of 1932.

The French Emergency Laws

By FRANCIS BROWN

FRANCE has continued its struggles to escape from the economic morass in which the nation has been floundering for many months. Whether the policies adopted will accomplish this end is a matter of general dispute, while constantly increasing complications have made the position of the Third Republic still more uncomfortable.

In early August the disorders which had broken out in Toulon and Brest after the publication of government-decreed wage cuts died away. No more were cries of "Hang Laval!" heard in the streets and the "Internationale" was temporarily forgotten. France, it was said, was again calm—but discontented. Though the indus-

trial elements were relatively quiet, the farmers were loud in their demands for higher prices. At mass meetings of farmers held in Northern France throughout the month were heard all sorts of wild speeches threatening violent action unless government aid were forthcoming.

It was in such an atmosphere that President Lebrun, speaking at Metz on Aug. 11, appealed for an end to domestic dissension. "Enough of brandished fists, black looks and words of hate!" he cried. Shortly before, Premier Laval had called together the Prefects of France to defend and explain to them the second series of emergency decrees the Cabinet was about to issue. Declaring that "It is

the fate of the régime and the life of the country that are at stake," he insisted that the Prefects help in making the decrees effective.

The new batch of decrees was intended to balance those previously issued for the purpose of establishing budgetary equilibrium through wholesale economies. The second series could be grouped under four general headings: Revival of business and employment, reduction of the cost of living and increased aid to the farmers, protection of investors and equalization of the burden of deflation.

The majority of these decrees were published in the *Journal Officiel* on Aug. 9, but others amplifying them appeared at intervals during the remainder of the month. Unemployment was singled out for direct attack through an expanded and immediate public-works program. Grade crossings are to be abolished, dykes are to be built and arterial highways are to be extended and improved. Since much of this work must be in the hands of local authorities, loans at low interest will be made to the communes by the Paris government. To clear up any doubts as to the extent of this endeavor, M. Laval conferred with delegations from the municipalities and explained to them exactly what the government had in mind.

As a means of encouraging foreign trade, which in the first seven months of 1935 hit the low point for the post-war period, an economic committee under Charles Rist, honorary governor of the Bank of France, has been created. Its principal work is to be in connection with tariffs and quotas. While agricultural quotas are almost certain to be retained, it is generally expected that in most other categories tariffs will be substituted. The committee, in addition to its work in this

field, is to act in an advisory capacity upon all economic problems.

Though the matter of an easy-credit policy is outside the Cabinet's extraordinary powers, the government has been urging the need for cheap money and for adequate credit. Apparently the Bank of France is willing to cooperate, for through Jean Tannery, its governor, the bank has sought to end the hoarding that is so general throughout the country.

Perhaps the Ministry's most striking decrees were those in regard to price-fixing. While M. Laval was reputed to have said that if necessary he would regulate the price of everything—"from sardines to cement"—the actual determination of prices was left in the hands of the Prefects, who were empowered to determine the maximum retail price of meat in their districts and to fix other prices by moral suasion.

In Paris, for example, a conference between the butchers and the Prefect of Police led to a 10 per cent cut in the cost of veal, mutton, beef and so on. In some centres prices were lowered as much as 30 per cent. But meat is not the only commodity affected. On Aug. 25 it was announced that in Paris the following reductions would become effective: Lentils and dried vegetables, 20 per cent; macaroni, 10 per cent; sugar, 3 per cent; coffee, 5 per cent; chocolate, 6 per cent; potatoes, 15 per cent; red wine, 10 per cent. All shops were required to display the price of goods on sale, and the police were charged with enforcing this order.

The government in the decrees published on Aug. 9 promised lower fertilizer costs to the farmer and also reduced land leases and mortgage interest by 10 per cent. At the time it was not known how much more was to be done for the farmer, but the growing

agitation in the rural districts forced the government to show its hand.

The basic problem in agriculture is the low price of wheat, which has fluctuated around 50 francs a quintal although it is estimated that wheat costs the farmer from 75 to 100 francs a quintal to raise. (A quintal equals 2,838 bushels.) Farmers have demanded that the government take whatever action might be necessary to guarantee a price of 100 francs a quintal.

The Bank of France at the request of the government agreed on Aug. 15 to assist the Agricultural Credit Corporation with advances to farmers. Although the price of wheat began to rise these advances were fixed at a maximum of 40 francs a quintal for wheat that was not destined for storage. Should the price continue to rise the loan might be increased. The Minister of Agriculture has also lowered the amount of stored wheat which millers are obliged to use, thereby making it easy for the farmers to dispose of this year's crop. These measures, it was hoped, would ease the tension in farming circles.

The remaining decrees were less spectacular. They related to changes in the bankruptcy laws, stock-holding, pensions, bondholders with small incomes and special taxes upon public contractors.

How effective these decrees and those which preceded them in July would be in restoring prosperity, it was too early to say. Interested groups of all sorts found fault with what the Laval Ministry had done, and the Opposition parties were planning to make political capital out of the government's policy. The moderate view was perhaps best expressed by the *London Times*: "Criticism of details or of individual decrees might be easy but would be entirely out of

place. The scheme must be judged as a whole and judged by its results in practice. It commits the State to interference on a wholesale scale in the mechanism of private business, but the interference will be justified if it saves the State from bankruptcy and contributes to the restoration of French prosperity."

If M. Laval does succeed in restoring French prosperity, he will have done so none too soon. During the second quarter of 1935 the sales-tax index, which is considered an excellent barometer of business conditions, fell to 88, compared with an average of 99 in 1934 and 109 in 1933. Coal production in the first six months of 1935 was 1,250,000 tons below the total for the same period in 1934. When to this report is added another showing a 14 per cent decline in output since 1930 and a 25 per cent reduction in the employment of miners, it is understandable why mine-owners have protested against the continued importation of foreign coal. Finally, the industrial production tax in June fell to the index figure of 92, a record low.

All these statistics indicate the need for haste and for far-reaching measures. Those opposed to M. Laval and the interests he represents insisted that the measures, however quickly put into operation and however far-reaching, were wrong in principle and bound to fail. These divergent views were expected to be fully aired when Parliament reassembled in October.

DEATH OF BELGIAN QUEEN

All Belgium was shocked by the death on Aug. 29 of Queen Astrid in an automobile accident near Lucerne, Switzerland. King Leopold, who was driving the car at the time, was only slightly injured. The young Queen's body was brought to Brussels, where

on Sept. 3 with regal pomp and ceremony it was buried beside the late King Albert in the royal crypt of Notre Dame de Laeken.

This public tragedy overshadowed for the moment the nation's slow progress toward recovery. By the middle of July the upturn which followed devaluation of the belga last March seemed to have halted. Unemployment, after dropping from 220,000 to 104,000, remained at the lower figure. Industry as the Summer wore on became somewhat hesitant, although metals had orders large enough to sustain confidence. To combat unemployment and to assist business the government, according to an announcement by the Minister of Public Works on Aug. 23, will

spend the 3,500,000,000-franc profit from devaluation on a three-year public works program. As an aid to foreign trade the Belgian Government has been negotiating trade agreements with the Soviet Union and Australia.

The danger of international conflict was reflected during August in various actions of the Belgian Government. A royal decree published on Aug. 22 required licenses for the export of arms and munitions. A few days later the Ministry of War forbade all Belgian reservists and army men on leave to volunteer for service in a foreign army. In this regard it was recalled that Belgian officers have for some time been serving as military advisers of the Emperor of Ethiopia.

Germany Reduces Unemployment

By SIDNEY B. FAY

ONE of Hitler's chief aims—the reduction of unemployment in Germany—has been pursued so steadily that at the end of July the number out of work was 1,745,000, as compared with the record high of 6,000,000 at the end of January, 1933, when Hitler assumed control.

There are, of course, many who pooh-pooh the figures and charge that they are manipulated to convert "visible" into "invisible" unemployment. The official answer to these skeptics is that all other economic curves—those of industrial production, savings deposits, stocks, retail turnover of consumption goods and even luxuries—likewise have been turning upward. Furthermore, it is pointed out, the number of employed persons has in-

creased even more rapidly than the number of unemployed persons has decreased, having risen from 11,500,000 in 1933 to 16,500,000 in July of this year.

But although the total national income has increased, the per capita earnings have decreased, owing to the spreading of work among a larger number of men and the shortening of hours. In the Ruhr, for instance, the number of non-working days in the month and the low pay per working day have made it necessary for the National Socialist Welfare Organization to begin an allowance system which virtually amounts to public charity. The low wages are subject also to numerous organizational levies and taxes, and suffer from rising

prices in such commodities as raw materials and foodstuffs.

In spite of price regulation, there is still a wide spread between what the peasant, for instance, receives for his eggs and what the city consumer has to pay. There is, therefore, a tendency on the part of the peasant not to bring his eggs to market and thus to cause a shortage in the cities. Yet there has undoubtedly been a genuine improvement in the unemployment situation, and this goes far to explain why the German people, in spite of audible unrest and dissatisfaction, continue to accept the National Socialist régime.

But this unemployment reduction has been expensive. Everywhere in Germany there is an enormous amount of building going on, but most of it is paid for directly or indirectly out of the public funds. Berlin, for instance, gives the impression of experiencing a great building boom, while in the country districts one sees huge barracks going up as part of the rearmament program. Nearly 67 per cent of all current investments come from the public purse.

Although no full budget statement was issued this year, it has been estimated that the National Socialist government has spent on its labor creation and rearmament programs a minimum of 17,000,000,000 marks (at current rates the mark is 40 cents), raising the total public debt to a figure not far from 40,000,000,000 marks. It has borrowed on its future income for three or four years to come by various forms of short-term indebtedness, which must be consolidated into long-time obligations. But it needs to borrow still more, and as money cannot be had abroad, it must be found within Germany. Hence, Germans are now being urged to save more money

and put it in the savings banks, from which the government may then borrow it.

In a speech at Königsberg on Aug. 18, Dr. Hjalmar Schacht, Germany's economic dictator, discussed the financing of the labor and rearmament programs, and perhaps as a hint to some of his colleagues who are believed to spend extravagantly, said: "The size of the sums may here and there lead to the mistaken view that a million more or less does not make any difference. But at a time when it is impossible to raise wages, every cent of unnecessary expenditure makes more difficult the financial situation, and I cannot appeal too strongly to the sense of responsibility of all disbursing officials."

Dr. Schacht also issued a warning against all illegal anti-Jewish attacks (which of course disturb trade and tend to frighten away tourists) and other breaches of discipline. "Our tasks," he said, "must be solved under the leadership of the State, not by the undisciplined action of individuals. Since our economic system is bound up closely with that of other countries, it cannot be a matter of indifference to any one of us what are the consequences at home and abroad of these disturbances. It is indispensable for the conduct of our economic policy that there shall be absolute confidence in the reign of law in Germany. In Germany no one shall be without his legal rights."

This part of his speech no doubt had reference to recent attacks on Jews on the Kurfuerstendamm and to the speeches delivered by Julius Streicher to crowded meetings in Berlin. Not since the Marburg speech of Herr von Papen shortly before the purge of June 30, 1934, had there been such outspoken criticism by a Cabi-

net Minister. It indicated the wide divergence between Right and Left in the government.

As was foreshadowed in his Koenigsberg speech, Dr. Schacht announced on Aug. 24 that 500,000,000 marks in ten-year treasury notes would be issued on a loan raised by a consortium of central banks under the leadership of the Reichsbank. Interest was fixed at $4\frac{1}{2}$ per cent, and the price to the public was put at 98 $\frac{3}{4}$ %. After 1941 one-fifth of the total amount will be redeemed annually. This form of borrowing—medium-term treasury notes which assure the lender that he will get his money back in ten years or earlier—has proved more popular than long-term bonds. Another 500,000,000 marks will be raised by bonds issued to savings banks at substantially the same price and the same rate of interest. As the savings banks lent that sum last Spring without endangering their liquidity, they could do so again, for their deposits exceeded 13,000,000,000 marks, an increase of nearly 3,000,000,000 during the two and a half years since the National Socialists assumed power.

Dr. Schacht also assured the public in his Koenigsberg speech that there would be no devaluation of the currency, that every one would get back the full value of whatever he lent the government. This assurance was repeated by Count Schwerin von Krosigk, the Reich Minister of Finance, at Leipzig on Aug. 25. Other countries, he said, might attempt to improve their foreign trade by devaluing their currency, but Germany's special conditions would not permit it. Increased government borrowing and expenditure, however, lead toward inflation and consequent devaluation of money, and in Germany will probably make themselves felt by raising the gen-

eral price level, in spite of vigorous regulations.

CHURCH AND STATE CONFLICT

Early in August it was estimated by foreign correspondents that thirty-six Protestant pastors were under sentence of banishment from their parishes by order of the German political police, and that twenty-four others had been ordered to refrain from preaching or taking part in services. During the month several more were removed from their parishes for words or acts alleged to be hostile to the State. All pastors who lose their parishes in this way are deprived of all or at least 40 per cent of their salaries.

In Silesia Bishop Zaenker sought to establish his own Confessional Opposition Synod in place of the official German Evangelical Synod. Against the express warning of the State authorities his Synod elected a presiding officer and declared itself representative of the Silesian Protestants. It was ordered dissolved on Aug. 18. About the same time the Governor of the Province of Hanover ordered his officials and employees to give up their membership in all Confessional Protestant social or professional organizations, to withdraw their children from Confessional youth organizations and to limit their religious activities to strictly devotional matters.

The Protestant clergy's stubborn resistance appeared to have been diminished little by these measures. The Pastors Emergency League, consisting of leaders of the Berlin and Barmen Confessional Synods, sent a round-robin to the Opposition clergy, asking them to refuse to cooperate in any way with the new Church Ministry, of which Hans Kerl was appointed head in July. Confessional leaders

regarded this new institution as simply another effort to create a government-controlled absolutism in the Protestant Church. Pastors banished from their parishes or forbidden to preach were requested to return to their pulpits in the near future to force the government either to arrest them or to confess that it had overstepped its prerogatives. However, as Dr. Kerri took a vacation during August the conflict did not come to a head.

Against the Catholics a more vigorous campaign was waged. Several more monks and seven nuns were heavily fined and condemned to short terms of imprisonment for smuggling money out of Germany to pay the obligations of their organizations. A Summer camp of Catholic youths at Hungernberg in Northern Bavaria was broken up by Storm Troops as illegal under the laws prohibiting the churches from any activities except those strictly "religious." A sensation was caused by the discovery that members of the Muenster branch of the Kolping Society had distributed propaganda attacking Catholics. This society, founded in 1849 by a devout Catholic named Adolf Kolping, had long confined itself to welfare work among the Catholic poor. But a few Muenster members decided that if they circulated violent attacks on Catholics, Nazis would be blamed for them and Catholic resistance thus strengthened. Their leaders, however, quickly disavowed and expelled them, and the State dissolved the local organization and confiscated its property.

The most vocal of the speakers against the Catholic Church is Alfred Rosenberg, head of the Cultural Department of the National Socialist party and author of the 700-page

attack on the church entitled *The Myth of the Twentieth Century*. Speaking on Aug. 18 he accused Catholics of secretly abetting the foreign Jewish boycott. He said that it might be necessary to set up a court to investigate the unpatriotic machinations of Jews, Catholics and Bolsheviks, who, he alleges, were responsible for Germany's defeat in the war and for all the humiliations which followed. At the same time, of course, he declared that National Socialism has no desire to limit freedom of conscience; it merely insists that the clergy, both Catholic and Protestant, refrain from all political activity and from every kind of hostile attitude toward the Nazi State.

All Jewish cultural activities in Germany, it was announced on Aug. 18, are henceforth to be united in one officially recognized Jewish Cultural Organization. To exercise their profession all non-Aryan doctors, writers, actors, &c., must belong to it or to one of its affiliated societies. The new organization accepts responsibility for its members and will in return receive the full protection of the police and the State.

AUSTRIA AND THE NAZIS

Austria's chief preoccupation during the Summer was with the danger to her independence in case of an Italo-Ethiopian war. Austrians feared that with Italian troops engaged far away in Africa and with Great Britain and France at loggerheads over the Mediterranean situation, the Nazis might seek to gain control. But the fears appeared to be without justification. Germany was silent on her foreign policy, content to stand on Hitler's declaration of May 21 that the Reich had no intention of interfering in Austria.

Italy's War Fever

By WILLIAM E. LINGELBACH

HAS Mussolini crossed the Rubicon? By his abrupt rejection of the proposals of France and Britain at Paris to settle the Italo-Ethiopian dispute by peaceful methods, by his open defiance of the two powers and of world sentiment as represented at Geneva on Sept. 4, and above all by mobilizing the greatest army ever assembled in peace time, Mussolini has apparently decided upon war.

Two aspects of the situation definitely emerged during August from the welter of discussions and negotiations: First, the unfortunate collusion and commitments of the other powers in the imperialistic designs upon Ethiopia and the consequent supineness of Foreign Offices in the face of Italy's aggressive assertion of her "right to expand," and, second, the methodical preparation for war by fascism, not only in building up the army and navy but in the systematic militarization of the nation.

"War," says Mussolini in his article in the *Italian Encyclopedia*, "brings out all human energies to a maximum tension and places the seal of nobility on the people who have the courage to face it." In the schools, on the platform, in the press and over the radio the Italian people have been indoctrinated with a militant patriotism which is responding with fervor and enthusiasm to the Fascist demand for sacrifice and heroism. That the threat of foreign intervention or the exercise of sanctions under the aegis of the League of Nations has intensified rather than dissipated this spirit is

only natural. Nation-wide acclaim greeted the sentiment so curtly expressed by the *Giornale d'Italia*, "Sanctions mean war!" How much of the enthusiasm and excitement is due to chauvinism is hard to tell.

Italians have not lacked in processions with blazing banners, streets decorated from end to end with the national colors—red, green and white—and prolonged shouts of "*Viva il Duce!*" as soldiers by the thousands marched past to embark for Africa, or to entrain for the mock warfare in defense of the Brenner Pass and Austrian independence. From Turin, Milan and Venice in the north to Rome, Naples and Palermo in the south, every Province, every city, town and hamlet felt the touch of Mars during the hot August days. About 1,000,000 men were mobilized, one-third for a real war in the difficult and dangerous lands of Ethiopia, and between 500,000 and 600,000 for the grand manoeuvres on the Austrian front under the direct command of Mussolini and the King.

This tremendous display of the power and mobility of Italian arms was to serve, so said *Il Popolo d'Italia*, as a warning to Germany, and an assurance to France and Great Britain that Italy, despite her African venture, was still a strong factor in European affairs. Of especial interest at the manoeuvres, from the military point of view, was the great mobility and speed of the "steel cavalry," the effectiveness of the air corps and, more particularly, a new bombing

plane whose performance at Spezia on its trial trip surprised even the specialists.

The costs are tremendous. Nevertheless, both the press and the government assume that the nation will respond to any sacrifice it may be called upon to make. In time of war this is apt to be true. Certainly in the case of Italy today the maintenance of the national credit under the heavy strain of the demand for war materials depends upon willingness to pay higher and still higher taxes and to accept a further lowering of the standard of living. Literally thousands of tons of scrap iron, copper, cotton, coal and rubber, quantities of airplane motors, automobiles, ships and transports, not to mention munitions of every sort, together with food, cereals, bread, beef and fruit have to be bought for the armies.

Since the suspension of the 40 per cent gold coverage clause in July the drain on the gold reserve has been continuous. According to a statement of the Bank of Italy, the ratio of gold reserves on Aug. 10 to the total note circulation and sight liabilities had fallen to 36.7. The bank's gold stock diminished by \$16,469,260 during the first week in August. Hence, although the statement of the official communiqué issued on Aug. 18 that Italy had paid much of her commercial debts is correct, it is being done at the expense of the nation's credit. On Aug. 21 the lira sold down to 7.62 cents, as against its parity of 8.22, but it has since remained steady within these limits. During the month the discount rate of the Bank of Italy was raised from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent, as a result chiefly, so officials claim, of the unusual demands of industry which had risen 26 per cent above May, 1934. In the effort to steady the financial structure government con-

trol has been consistently expanded.

The import monopoly set up in July became operative on Aug. 1 for coal, coke, copper, tin and nickel. Imports of unnecessary commodities have been restricted or stopped entirely, and the unfavorable trade balance for the first half of the present year was reduced by over 45,000,000 lire. Bumper crops, amounting in many instances to an increase of 20 per cent over last year, mark a steady advance in the program of making Italy independent of food imports. Something is also being accomplished in the matter of fuel by the intense development of the coal mines in Istria and Sardinia.

Four of the resolutions adopted at the extraordinary Cabinet meeting summoned by Mussolini on Aug. 28 at Bolzano had to do with economic matters. "The steps taken to guarantee the nation's economic resistance," said a prominent authority, include obligatory conversion of foreign credits, limitation of the profits of corporations, a 10 per cent tax on dividends and interest and, finally, the transformation of automobiles from gasoline to charcoal gas burners.

Reports state that the fleet has been mobilized and moved to the Eastern Mediterranean. The Island of Rhodes has been transformed into a great hospital and munitions base, while transports capable, so it was announced, of carrying 20,000 troops and equipment with each sailing, are active night and day. The Ethiopian expedition took its first tragic toll of persons high in the Fascist councils when on Aug. 7 the great plane carrying Luigi Razzi, Minister of Public Works and close friend of Mussolini; Raimondo Franchetti, the famous African explorer and authority on Ethiopia, and five others, crashed on its way from Cairo to Asmara in Eritrea, and burned with the loss of all on

board. Rumor has it that important documents relating to secret treaties with Ethiopian chieftains were also burned.

CONSERVATISM RULES SPAIN

Before the Spanish Cortes adjourned in August for the Summer vacation it had made considerable progress with the program for constitutional reform. Of the different proposals, those dealing with agrarian matters aroused the most opposition, for they would set aside certain liberal features of the land reforms of the previous Cortes which provided for the confiscation of lands of the *grandees* and their distribution in small holdings to the agricultural workers. The principle of indemnity for the landlords was once more introduced.

During the discussions of the measure in its early stages the Deputies of the Left withdrew from the Cortes in angry protest. Even in their absence opposition to the bill was so strong that the government offered a number of changes in the interests of the peasantry, providing for distribution of land to the agricultural workers on easy terms and assuring them of permanent occupation. On the question of indemnity for the owners, however, Martinez de Velasco, the leader of the Agrarian bloc, declared his party stood united and would make no concessions.

The proposals of the Cortes on the agrarian law bring out clearly the strong swing to the Right reflected in the victory of Catholic Popular Action and its associated groups in the 1934 elections. In the Spring of 1931, when the republic was established, radical Republicans and Socialists were swept into power. With complete control of the Constitutional Cortes, they drafted a Constitution apparent-

ly much more radical than the public desired.

A swing back to conservatism began which gathered strength steadily till the elections for the present Cortes, in which the parties of the Left were signally defeated and the control of the government passed to the Right. In order to win Catholic Popular Action to the support of the new republic, the veteran leader Alejandro Lerroux agreed to a coalition government with himself as Prime Minister, to a program of constitutional revision in the direction of the Right and to the vigorous suppression of revolutionary activity.

Since the Constitution provides that after it has been in force four years—which will be on Dec. 9, 1935—amendments may be made by an absolute majority vote of the Cortes, the government is preparing the way for revision with a view to laying the proposals before the nation as the major issues in the election of the new Cortes.

In the meantime the rival parties are mobilizing their forces and appealing to the public. Addressing a large political gathering at Pontevedra in Galicia, Premier Lerroux again expressed his satisfaction at having won the moderate parties of the Right to the support of the republic, thus greatly broadening its basis. For their part, the three parties of the Left—the Left Republicans, the Republican Union and the National Republicans—have announced a common platform. The Communists and Anarchists consistently refuse to take part in elections or in any other political activity in what they call the capitalistic State.

Anxious to bring the strong *Esquerra* party of Catalonia back into the political arena, ex-Premier Azaña issued a solemn warning that while

he approved of autonomy for the different regions of the nation, he would not endorse separation. Unless it was abandoned he would withdraw his support.

As usual, the most effective political campaigning seems to have been done by Gil Robles, Minister of War and leader of Catholic Action. Denying all personal ambition, he brushed aside accusations that he was reorganizing the army in preparation for his own dictatorship. For the present, he declared, the government must use the extensive economic powers conferred upon it by the Constitution to revive the economic life of the nation. He wishes to reform the Electoral Law, protect the national industries, promote cotton growing, revise the Agrarian and Education Laws and bring about a number of military reforms.

Commercial conditions continue to be unfavorable, the adverse trade bal-

ance mounting steadily. The first half of the present year showed an unfavorable balance of imports over exports of 127,500,000 pesetas as against 115,000,000 for the same period a year ago and 37,000,000 for the first six months of 1933. (The peseta is quoted at the present time at about 13.66 cents.)

Trade relations with France have grown steadily worse since the breakdown in July of negotiations for a new commercial treaty. More and more vexatious restrictions were imposed during August in the commerce and communication between the two republics. Negotiations for a new commercial accord with Great Britain were also broken off early in August. Difficulties had arisen over the application of Britain's protective system to Spanish commodities. Spain retaliated by withdrawing the 35 per cent rebate on the duty on British automobiles.

Greece Plans a Plebiscite

By FREDERIC A. OGG

GREECE awaits the plebiscite that will determine the nation's future form of government. Though the mass voting is not scheduled until Nov. 15, recent weeks have been filled with heated debate. Sharp division over the proposed restoration of former King George II cut across all classes and professions, stirring the older generation into impassioned defense of the allegiance of its youth and inflaming the young with a desire to rid Greece forever of the republican-monarchist feud which has marred the past twenty years.

Rumor had it in early August that

the former King, disappointed at not being able to return under present conditions, was seeking a reconciliation with ex-Premier Venizelos, now in exile under a death sentence. Amnesty, it was said, would be granted to all those condemned or accused in connection with the March revolt, while the newly elected National Assembly would be dissolved and fresh elections held on a basis of proportional representation. In case the Liberals obtained a parliamentary majority, Venizelos himself would be asked to form a Ministry. The scheme sounds fantastic, though there are good rea-

sons for believing that the report is correct. Certainly, the ex-King himself has been the most moderate member of the royal house in pressing for a restoration. "I will never let myself," he declared late in August, "be manoeuvred into becoming a party leader, for that was my father's great mistake." All efforts to induce him to seek or accept restoration by a military coup or even to leave London in order to be nearer the scene of action were unsuccessful.

Meanwhile, on Aug. 19, Colonel Zezas, director of the Greek Secret Service, reported to Acting Premier Kondylis that, during a stay in the United States, former Premier Alexander Papanastasiou had collected from Greeks in this country and transmitted to the homeland a considerable amount of money to be used in the republican cause, especially for financing the republican campaign for the coming plebiscite.

Political unrest has stimulated labor disturbances, and during a single week in August the country was menaced by two attempted general strikes. The first occurred in Crete, where a wave of protest against the movement for a monarchist restoration culminated at Heraclion on Aug. 5-6 in disorders of a revolutionary nature. After street fighting, which resulted in several casualties, the government forces commanded by General Bakoupoulos restored order, though not until after some thousands of workers had been given a 15 per cent wage increase.

The second attempt took place in Greece proper, where the National Federation of Labor, influenced to a considerable extent by Communist agitators, called a general strike for Aug. 13. To frustrate the plan, Acting Premier Kondylis procured the passage of a law making arbitration of labor disputes compulsory. Eventually

the strike simmered down to a two-hour walkout, and when the time arrived dissensions among the Labor leaders had so far weakened the effort that less than half the expected number actually left their jobs.

POLISH ELECTIONS

By decree of the President of Poland elections to the Sejm—the first to be held under the Constitution of March 23, 1935—took place on Sept. 7, those to the Senate on Sept. 15. The theory of the new system is that the best men in each electoral district will meet and select the ablest candidates, from whom the voters will then choose as Deputies those whom they most trust. In line with this concept, Premier Slawek and other government leaders appealed repeatedly in their campaign speeches for a non-party Parliament consisting of men whose only claim to enter the nation's Legislature was their lifework and the confidence of their fellow-citizens.

Candidates for the Sejm were selected throughout the country on Aug. 14 in each constituency by an electoral committee consisting of representatives of municipalities, chambers of commerce, labor federations and other social and professional organizations. Party labels were, to be sure, excluded. Most of the persons named, however, were former Deputies of the government bloc or other persons of unquestioned loyalty to the régime. A substantial government majority was thus assured before the final elections.

CZECHOSLOVAK LAND REFORM

A report recently published in Prague discloses the way in which the great estates of Czechoslovakia have been distributed among small proprietors. A popular slogan among the Czechoslovak legions and the

masses of the war-born republic was "The land to the people"; and one of the earliest acts of the new nation's Parliament—on June 11, 1919—set up a Land Board charged with the difficult task of carrying the principle into effect.

Having fulfilled its main purpose, the board was dissolved on May 1, 1935, and the work that remains, chiefly that relating to credits, financial legislation and the registration of mortgages under the land-revenue system, was taken over by the Ministry of Agriculture. From the board's report, it appears that the reform affected a total of 1,913 estates, involving 10,000,000 acres, or 28.6 per cent of the entire area of the country and 27 per cent of the strictly agricultural land.

Of this vast area, some 4,395,000 acres have been transferred to new owners, chiefly to small holders, and an appreciable amount to the State itself for the establishment of national forests. An almost equal area—4,122,500 acres—was left to the original owners, while 1,632,500 acres are still awaiting distribution.

The 65,000 workers employed on the large estates were compensated by a grant of land or by employment on the medium-sized farms created by the reform. For those who preferred to be compensated in cash, an amount was fixed according to the length of service and the kind of work done. The necessary 358,000,000 crowns was secured by a tax of 15 per cent on the property of persons benefiting from the reform. (At current rates the crown is worth about 4.18 cents.)

A NEW YUGOSLAV PARTY

Backed by the Yugoslav Regency, and particularly by Prince Regent

Paul, the Stoyadinovitch Cabinet has from its inception pursued a more liberal policy toward Croatia than has been known in many years. Therefore, from a Serbian point of view, the new régime is breaking down, notwithstanding the passage without untoward incident of an enthusiastic observance of the seventh anniversary of the death of Stefan Raditch. Never sympathetic toward the Croatian policy of his chief, War Minister Pera Zhivkovitch, the country's "strong man," complained bitterly to Prince Paul on Aug. 19 that the Croatian populace had become demoralized, disregarding police orders and generally flouting governmental authority. He urged the revival of a strong-arm policy. Clashes have since been reported to be increasing daily.

Several reasons for the tense situation are assigned. One is the formation on Aug. 19 of a new political party—the Yugoslav Radical Union—with Premier Stoyadinovitch as president and with a following drawn from former Serbian Radicals, Slovene Clericals and Bosnian Moslems. This party is pledged to the maintenance of Yugoslav unity, even though willing to concede the Provinces limited autonomy. From this party Croat Ministers and politicians have been definitely excluded.

Another source of discontent is the belief that, though the Stoyadinovitch government was formed ostensibly only to conduct affairs until new elections could be held under the direction of a neutral Cabinet, the new party is to become the "government party," with whose support it is planned to perpetuate the existing régime indefinitely. In protest against the formation of the new party, three Croatian members of the Cabinet resigned on Aug. 23. Their places were filled promptly—in one instance, by another

Croatian—and the general situation remained unchanged.

THE VIEWS OF KING CAROL

After five years on the Rumanian throne, King Carol, once the royal playboy of Europe, has settled down to the serious business of being a king—in a politically strategic land where kingship still counts for a good deal. Views which he expressed with characteristic frankness in the course of the first formal interview which he has given since 1930 have therefore a genuine significance.

Discussing domestic policies, he admitted that he had been accused of following the principle of "divide and rule," but declared that, considering the factional strife with which the country was cursed when he came to the throne, no course was open to him except to make himself supreme arbitrator and insist that his decisions be accepted and adhered to. "If I wished," he added, "to follow the example of other sovereigns and political leaders, I could easily be dictator of Rumania. But the Rumanian people want neither autocracy nor tyranny. Certainly I shall never attempt to force a dictatorship upon them, nor shall I ever abolish Parliament and other free institutions, as has been done in other countries."

Asked if he considered war imminent, the monarch replied: "I do not see any real crisis for some years. A great war breaks out suddenly, not when there is a great deal of talk about it. While I do not think any nation wants war, I believe it is inevitable. It is a part of life."

Nazism is reported to be steadily gaining ground among the German minority of Rumania, especially among the youth, and government measures to dissolve Nazi organizations have been countered by passive

resistance and sabotage. On Aug. 26, 20,000 peasants attended a meeting of the Rumanian National Fascist party held at Kishinev. A German Nazi delegate, Friedrich Geber, was arrested and found to be carrying funds supposed to be for use in propagating the cause. Street clashes in Bucharest between Young Nazis and the police have occurred with increasing frequency.

UNREST IN ALBANIA

The darker side of the Albanian political situation was once more brought to view on Aug. 15 when General Leon de Ghilardi, Inspector-General of the Army, was assassinated near Avlona. Several persons suspected of instigating the crime were arrested, among them Sekredi, a newspaper man, and Noredin Bey Vlora, a politician.

General Ghilardi, an immigrant from Croatia, was a close friend and adviser of King Zog, and, known to be a promoter of friendship with Italy, was bitterly disliked by national extremists who oppose concessions of any sort to that country. Commonly credited with being the principal intermediary between the governments of Tirana and Rome, he was naturally a shining mark for nationalist hostility, as, indeed, is King Zog himself because of the compromises which he has made with Italy.

After the assassinations local disorders broke out, but they were rapidly quelled when the government ordered stern repressive measures. Reports from Athens and Belgrade indicated that all Southern Albania was being swept by a general rebellion. The Greek and Yugoslav capitals, however, are untrustworthy sources of information concerning Albanian happenings, both because of their dislike of King Zog's régime and because

of territorial aspirations. A rigid press censorship has left the world in some uncertainty as to what is actually going on in the Albanian fastnesses, but it is reasonable to accept the official denial of general rebellion as substantially correct. The reality of a revolt at Fieri, with which the assassination of General Ghilardi had some connection, was established by the execution on Aug. 24 of eleven gendarmes implicated in the affair.

ON THE BULGARIAN FRONTIER

A fresh source of anxiety in the Balkans is supplied by the Turkish policy of fortifying the Bulgarian frontier. In the early Summer, the Turkish War Ministry ordered the

fortification of Kirkclareli (formerly Kirkkiliseh), a place commanding the southern outlet of the Fakhi defile over the Istranja Dogh range and the scene of important operations during the Balkan War of 1912. In reply, a war council at Sofia on Aug. 2, presided over by King Boris and attended by leading officers of the Bulgarian Army, decided on the immediate construction of permanent fortifications around the Southern Bulgarian town of Haskovo. The continued concentration of Turkish troops along the Turko-Bulgar border has also caused uneasiness in Sofia. Not only, it was said, were troops camping close to the border, but extensive defense works were under construction.

Finland's Diplomatic Position

By RALPH THOMPSON

ALTHOUGH the Scandinavian and Baltic States, small and isolated, seemed to be well outside the mid-Summer diplomatic tangle in Europe, this was actually not the case. Whatever international arbitration could or could not accomplish in the Italian-Ethiopian quarrel meant a great deal to Norway, Sweden and Denmark, staunch supporters of the League since its earliest days. Nor could the results of deliberations at Geneva fail to affect Germany and Russia—and, as a result, Estonia, Finland, Latvia and Lithuania, buffer States against a German drive to the East or a Soviet counter-drive to the West.

For this reason significance attached to two meetings held in Northern Europe in August. During the middle of the month Colonel Josef Beck, Polish Foreign Minister, paid

a four-day official visit to Helsinki, the Finnish capital. On Aug. 29 the Foreign Ministers of Finland, Norway, Sweden and Denmark concluded a brief conference at Oslo.

Colonel Beck's mission was ostensibly one of courtesy only—to return the call made by the Finnish Foreign Minister in Warsaw last year. Yet many observers believed that matters of great importance had been discussed. Would Finland, known to be more friendly to Germany than were her small Baltic neighbors, be drawn into an anti-Soviet bloc built upon the German-Polish non-aggression pact of 1934? Would this foreshadow a settlement of Poland's long-standing dispute with Lithuania over Vilna, so that the Baltic entente might join hands with its larger neighbors to present a solid front against the Soviet Union? Fin-

land had had reasons to be grateful to Germany for assistance rendered against Russia in 1918, and in more recent years had shown an increasing fear of what the Conservative press of Helsinki termed Russia's threatening gestures. Could Colonel Beck's presence persuade the Finnish people that their best chance of survival lay in an alliance against communism?

No official answer to these questions was forthcoming, but it was generally believed that when the Polish visitor returned home it was without any positive assurance of Finnish support. According to the *Upsala Nya Tidning*, a reliable organ of Swedish opinion, the majority of Finns remained hostile to the principles and policies of Nazi Germany, and, except for a refractory nationalist element, were quite content to maintain their association with the Scandinavian countries. This belief was strengthened some days later when Finland's Foreign Minister appeared in Oslo to take part in the Scandinavian conference held there.

According to the official communiqué, the four northern representatives discussed the Ethiopian trouble and decided to "support every effort to guard the peace and to uphold the legal principles of the League." Yet while reaffirming their common faith in international negotiation, the northern powers had not failed to keep their powder dry. Sweden, in particular, aroused by the loss of her supremacy in the Baltic as a result of the Anglo-German naval pact and by a report presented to the Stockholm government on Aug. 27, was looking to the question of her arms.

The Stockholm report came from a commission appointed by the government five years ago. It proposed a large increase in Sweden's air strength, an improvement of her land

forces and a reduction in her navy—the last recommendation looking toward the eventual abolition of capital ships and a concentration on a light and mobile fleet. The immediate organization of defense under one supreme commander was urged, as was the extension of the compulsory military service age limit from 42 to 45 years. Costs of these changes were put at about \$30,000,000.

DANISH FARM TROUBLES

About 40,000 Danish farmers descended upon Copenhagen on July 28 to make known their wants to King Christian and the government. They squatted in the courtyard of the Amalienborg Palace, the royal residence, until the King had addressed them from a balcony and their leaders had presented to Prime Minister Stauning a resolution demanding minimum prices for farm products, lower taxation and a new moratorium on their indebtedness. Then the crowd dispersed.

While the demonstration itself was carried out good-naturedly, subsequent events showed that the farmers were determined to have their way. On Aug. 15 their executive committee, piqued by the failure of the government to take satisfactory action, unanimously resolved to sell their goods to Great Britain on three months' instead of the normal ten days' credit. By this method, it was hoped, the amount of foreign currency available to the government would be greatly reduced; there would be a scarcity of sterling, and under the strain of this scarcity the current ratio of 22.40 kroner to the pound might be lowered. Higher domestic prices would automatically ensue.

At this writing no victory for either the government or the farmers was in sight. On Aug. 22 the National Bank

of Denmark raised the discount rate from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent, in order to pinch those who were being so generous with their foreign creditors, but this step brought almost as much opposition in official circles as it did among the farmers themselves, for it has long been a government policy to fight the depression with cheap money. The government's case for refusing to raise prices is that the ideal exchange ratio is 20 kroner to the pound, and that the 22.40 ratio, adopted in 1934 in response to agricultural pressure, is as great a concession as the country can afford to make.

MEMEL ELECTORAL LAW

With balloting for the Memel Diet scheduled to take place on Sept. 29, special interest attached to new electoral laws published by the Lithuanian Government on Aug. 17. While the measures were effective in Lithuania itself as well as in Memel, there could be no question as to their purpose, namely, to disfranchise those Memellanders who for years have returned a pro-German majority to the Diet and thus made cooperation between the Diet and the Lithuanian-appointed government an impossibility.

The new laws denied the vote to naturalized Lithuanian citizens, to those who have adopted Lithuanian citizenship while holding a promise from a foreign nation that their original citizenship may be assumed at a later time, and to members of organizations which have within the past five years been condemned for working against Lithuanian independence or for the alienation of part of the Lithuanian State.

What has been done here seems perfectly clear. Lithuania, knowing that

many German citizens assumed Lithuanian citizenship temporarily, on the express understanding that they could recover their German nationality once Memel had been recaptured, decided to spike the scheme. The move was also directed against the members of the German organizations involved in the Memel treason trial earlier in the year.

The great powers responsible for the working of the Memel Statute were to have official representatives on hand during the elections, and presumably thus decide for themselves whether Memellanders were enjoying the "universal, equal, direct and secret suffrage" guaranteed by the Statute. Before that time, however, protests were expected from Germany, whose paternal interest in Memel has been the cause of so much difficulty there in recent years.

ESTONIAN DICTATORSHIP

Estonia has gone still further along the road to dictatorship despite professions of democratic intentions and an intense love for representative government. Late in July *Postimees*, the country's oldest newspaper, was placed under State control because the Cabinet decided that it had been unduly sympathetic toward the political Opposition and unduly critical of government measures. About a month later the Minister of Propaganda announced that the old Parliament would never again be convened and that in its place there would be a national assembly consisting partly of representatives of trade corporations (on the Italian model) and partly of delegates chosen by referendum. A new Constitution was to be drawn up and the present dictatorship provided with legal trimmings.

America and the Comintern

By EDGAR S. FURNISS

THE Congress of the Third International, which concluded its twenty-five-day session in Moscow on Aug. 20, has left an aftermath of disturbance to Soviet foreign relations. While the congress was in session the British, Italian and Latvian Governments protested orally to the Soviet Union against certain of its activities, and on Aug. 25 the United States Government lodged with the Soviet Commissar of Foreign Affairs a strong note of protest based specifically on statements made to the congress by the American delegates.

These statements merely made public what was already well known—namely, that the American wing of the Communist party has in mind a program of assault upon American economic and political institutions. But detailed description gave these plans an appearance of reality and effectiveness that exaggerated their threat to American security, while the slogans of “united front” and “collaboration with liberal movements” adopted by the congress as the keynote of its session lent new emphasis to the American Communist program.

In harmony with these slogans the American delegates outlined in great detail a scheme of “boring from within” the labor and political organizations of the United States, and the speeches of Earl Browder and William Z. Foster made it appear that many of these organizations, already dominated by communistic sentiment, were being skillfully directed by agents of the Third International toward a com-

plete overthrow of the American economic system.

The endorsement of these plans by the congress made the Comintern a party to subversive activities in the United States. Inflammatory comments by *Pravda*, organ of Russian communism, to the effect that “capitalism must be pushed forcibly into its grave” appeared to implicate the party of the Soviet Union in this revolutionary program.

These activities in Moscow were particularly offensive to American conservative labor unions, which were made to appear as a catspaw for the Communists, and it was largely owing to representations of the officials of the American Federation of Labor that the Department of State took action in the matter. The language used in the American note to the Soviet Union was more forceful than is customary in diplomatic exchanges between friendly nations, charging “flagrant violation” of pledges by the Soviet Government and predicting “most serious consequences” if the activities objected to were allowed to continue.

The reply received two days later took the rather unusual form of refusing to accept the American protest. It repudiated the charge that the Soviet Union had failed in its obligations to the United States, and asserted that the Soviet Government could not take upon itself any responsibility for the Communist International.

Secretary Hull, in a rejoinder dispatched on Aug. 31, pointedly reaf-

firmed the position taken in the first note, again charging the Soviet Union with violations of its pledges and demanding that the Soviet Government bring the Communist International under control lest its relations with the United States be "seriously impaired."

The Soviet Government has frequently given assurances to countries other than the United States that it would abstain from subversive propaganda in their territories and these assurances have been accepted as the basis for diplomatic recognition. When it has been discovered that Communist propaganda has nevertheless continued after recognition under the aegis of the Third International and accusations have been made of breach of faith, the Soviet Union has been able to plead innocent on the ground that its government and the Third International are separate and distinct organizations and that the one cannot properly be held accountable for the actions of the other. Since this statement is true in a strictly legalistic sense, it has served as an answer to the charges brought.

But the obligations of the Soviet Union to the United States were far more exacting than any hitherto assumed. Litvinov's letter of Nov. 16, 1933, to President Roosevelt, which pledged the Soviet Government to certain duties in return for recognition, contained a definite promise "not to permit the formation or residence on its [the Union's] territory of any organization or group—and to prevent the activity on its territory of any organization or group—which has as an aim the overthrow of, or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States."

The United States Government is therefore on secure legal ground in charging a violation of pledges in that the Soviet Union permitted the recent Communist congress to convene in Russia for the purpose of preparing plans for revolutionary activity in the United States. It is no answer to this charge to reply, as the Soviet Government does, that it "cannot take upon itself, and has never taken upon itself, obligations of any kind with regard to the Third International." This is precisely the obligation assumed as a condition of diplomatic recognition by the United States.

Of course, the obligation implied in the Soviet pledge to the United States needs only to be stated to make clear that its discharge is a political impossibility. To expel the Third International from Moscow would involve a repudiation by the Soviet Union of its leadership of world communism; it would shatter the unity of the Communist party in Russia and undermine the political control of the Soviet leaders over their own country; it would renounce the creed that lies at the heart of the Soviet program of social reconstruction. Anxious as it is to maintain friendly relations with the United States, the Soviet Government would accept the alternative of a diplomatic rupture rather than take such drastic action against the Comintern.

This must have been understood by both parties to the agreement in 1933, and it must now be fully understood by the Department of State. Unless the United States Government intends to press the matter to the point of severing relations with the Soviet Union, which seems improbable, it must be prepared to accept a compromise. This can be reached through a pacific answer to the American protest followed by steps taken by the Soviet leaders quietly and with-

out acknowledgment to prevent the Comintern from precipitating another controversy of the kind. What is really at stake in the matter is the future of the Third International and of the Soviet Union's relationship to that body; and the Soviet officials have already shown that they find militant international communism an embarrassment to them.

For several years past it has been increasingly difficult for the Soviet Government to harmonize its national policy with the aims and purposes of the Third International. Since 1928 the Soviet program has demanded peaceful relations with capitalistic States and the absence of social disorder within other countries. The Soviet leaders have worked hard during the intervening years to establish such relations throughout the world. They have let it be known that violent tactics by Communists in other countries would injure the Soviet Union. Their concern lest the Comintern disturb their international program was shown by their reluctance to call that body into session. The congress of the Third International was postponed from year to year long after the time set by its own Constitution for its meeting. Even this year there was uncertainty in Moscow whether it would actually be convened.

When the congress could be no longer postponed the attempt was made to tone down the belligerency of its activities and to dissociate Soviet officialdom as far as possible from the revolutionary programs of its constituent parties. The reformist, non-violent program of the "united front" was substituted for the class war as the objective of the immediate future. Fascism, not capitalism, was presented as the arch-enemy. Early in the session a resolution was adopted ordering the Comintern hereafter "to

avoid direct interference in the internal work of Communist parties," a change in Communist organization intended to reduce the responsibility of the central officials for disturbances occurring in other countries.

It was largely because of the Bulgarian Communist Georgi Dimitrov, hero of the Reichstag fire trial, who played a dominant rôle in the congress, that the Comintern went astray from the innocuous course charted for it. Through him the congress went on record as accepting the reformist program only as a temporary expedient and reaffirming the overthrow of capitalism through the class struggle as the ultimate objective of communism.

Nevertheless, it is significant that the policies actually prescribed for the Third International in future years were of the moderate type favored by the Soviet officials. The congress took action to perpetuate its organization with headquarters in Moscow, electing a new executive committee including three Americans—Browder, Foster and Green—and admitting to membership six new national parties from the Philippines and certain Latin-American nations. As it disbanded its session it could claim for the Comintern representation in sixty-five countries and a world-wide following of 3,148,000 members. All this would indicate an active future for the organization; but the Soviet officials will experience no great difficulty in holding it even more completely in check than in the years since the 1928 congress if it seems best to do so.

SOVIET AID TO SCIENCE

A great contrast to the Comintern congress in its effect on world opinion was the international physiological conference which met in Leningrad at

the same time. This convention was attended by the distinguished scientists of more than thirty nations who met without thought of political differences to discuss research problems of concern to mankind as a whole. The Soviet Government treated the visitors with signal courtesy, greeting them officially through a speech by Premier Molotov and entertaining them in a manner hitherto reserved for the highest dignitaries of foreign countries.

Apart from the scientific achievements of the conference, it had significant results in attracting widespread attention to the remarkable progress of research in the Soviet Union. It is now one of the outstanding countries of the world in the government support given to the work of its scientists. Extensive financial provision for research of all kinds is an integral part of the Five-Year program. Many of the foremost Soviet scientists were already known by reputation to the foreign delegates, but the scope of scientific activity, employing as it now does the full time of 250,000 research workers, was an astonishing discovery which called forth praise from all the visitors.

THE FAMILY AND DIVORCE

Drastic reform of the Soviet laws regulating marriage and divorce has recently been initiated by decrees re-establishing the family as the pivotal social unit and enforcing parental responsibility for the care of children. Communist doctrine has always condemned parental authority as a bourgeois notion, and in line with this doctrine the family in Soviet Russia has been until recently a disorganized group without internal government. But the recent decrees go far beyond

the practice of bourgeois society in enforcing parental responsibility. All children must be given proper care and supervision, or they will be taken into State institutions and supported at the expense of their parents. Any misdemeanor on the part of a child subjects the parents to fine, and in cases of flagrant neglect the parents are liable to imprisonment.

The reform of the divorce law is an extension of the attempt to hold the family together and safeguard the welfare of the children. The Soviet divorce law had previously been the most lenient of any advanced nation. A mere declaration of desire for freedom by one party before the proper official was usually sufficient to dissolve the union. As a result the divorce rate rose in some cities to 37 out of every 100 marriages, and, furthermore, many marriages were formed—often among the very young—with no serious intent to establish a permanent relationship.

Following the decrees dealing with the family, official spokesmen began urging upon the people the ideal of permanent marriage; now the government has definitely announced that the era of easy divorces has ended. Divorce will be granted hereafter only for substantial reasons similar to those required by the law of bourgeois countries. Neither party will be allowed to dissolve a marriage without notice to the other and without full opportunity for both to set forth their positions. Parents will not be granted divorce on any ground unless they can present to the State a satisfactory plan for the care of the children at their own expense. The State will subtract from a divorced person's wages the money awarded as alimony or for the support of children.

Japanese Trade in the Near East

By ROBERT L. BAKER

JAPAN'S determined drive for foreign markets, which, in 1933 and 1934, was directed at India, the Netherlands East Indies, the Philippines and South America, has only recently begun to be acutely felt in the countries of the Near East. Until this year they were, in fact, accustomed to having unfavorable trade balances with Japan. But they did not suffer on that account because imports from Japan constituted only a small part of their total trade, and it was found possible to make up the deficit elsewhere.

That Japanese imports have become a serious problem, especially in Egypt, Palestine, Syria and Iraq, is due to two factors. First, Japan has been making a special effort to develop the Near Eastern markets to take the place of others that have been lost or restricted because of discriminatory tariffs, surcharges and quotas. These efforts have included the dumping of cheap goods in order to undermine other foreign competition. As a result, imports from Japan this year have soared. Second, the Near Eastern countries with the single exception of Saudi Arabia have recently set out to develop industries at home, and the flood of cheap Japanese goods is preventing such enterprises from getting on their feet.

Steps are being taken to combat the Japanese trade menace in Iraq, Palestine, Syria and Egypt. Turkey, which has been less affected than the other countries, maintains a rigid quota sys-

tem. Egypt denounced its most-favored-nation commercial treaty with Japan in July, the decree to take effect in three months. Iraq has halted the negotiation of a new trade treaty with Japan until some basis is found that will protect her against dumping and a too adverse trade balance. In Palestine the Manufacturers Association has demanded that the High Commissioner take drastic measures to prevent Japanese dumping.

Both Great Britain and France were taken to task in the last report of the League Mandates Commission for permitting Japan to receive the preferred commercial treatment accorded to League members in Syria and Palestine even though she was no longer a member. The two mandatory powers were asked to show cause for their action at the next League session.

Japan can do little to meet the situation. She can scarcely buy more in the Near East because it produces few things that she needs. In fact, only two products of the region—oil and cotton—are of much consequence in international trade. The first Japan can obtain more cheaply from the Netherlands Indies; the second, Egyptian cotton, being high grade, is less suited to the needs of Japan's manufacturers of cheap textiles than the Indian and American fibers.

TURKISH AFFAIRS

The extension of State ownership of utilities in Turkey proceeds apace. Before the coming of the Kemalist republic all Turkey's railways, electric

plants and telephone systems were in the hands of foreign concessionaries. But so rapidly has the Ankara government bought up these enterprises that within a few years the utilities will be government monopolies. Its latest acquisition is the Istanbul Telephone Company, which was purchased from British interests for approximately \$4,000,000, payable in forty annuities of \$100,000 each, the first to be paid in 1939.

Turkish exporters are profiting from Italy's preparations for war in Africa. Large quantities of cereals, dried fruits and vegetables have been sold to Italy recently above market prices. In fact, Turkey's quota of imports to Italy is almost exhausted, and Turkish exporters are offering a 25 per cent premium for Italian import compensation bonds.

THE ZIONIST CONGRESS

More than 2,400 delegates from forty-three countries attended the nineteenth biennial World Zionist Congress at Lucerne from Aug. 20 to Sept. 4. The Nazi régime in Germany was condemned because of its "systematic deprivation of the rights of Jews" and its "defamation of the whole Jewish people in their spiritual, ethical and cultural achievements." The resolution declared that the Jewish race, "which had defended its honor and personality during thousands of years of history, will never, under any circumstances, submit." The German delegation unanimously opposed the resolution on the ground that it did not constitute a constructive plan to help the situation of the Jews in the Reich. Other resolutions condemned the Palestine Government for inadequate cooperation with the Jews of Palestine.

The congress rejected a resolution affirming the ultimate aim of the

Zionists to be the establishment of a Jewish State in Palestine. It was held that the discussion of such an ultimate aim could not be helpful at the present time.

EGYPT AND ITALY

For some ten years Egypt has been concerned over Italy's vigorous policy of expansion in Libya, immediately to her west, and over Great Britain's apparent acquiescence in Italy's occupation of oases the ownership of which was at least doubtful. In 1925, for example, Jerabub was ceded by Great Britain to Italy under the Milner-Schialoja agreement. Later Italy occupied the Kufra Oasis and Great Britain again "rectified" the frontier in Italy's favor by ceding a part of the Owenat Oasis. Italy subsequently occupied the Merga Oasis, which was indisputably within the Anglo-Egyptian Sudan, and retired only after diplomatic protests by London.

Because of the dispute between Italy and Ethiopia, Egypt's anxiety over the safety of her western frontier has been superseded by fears over the eastern, or Ethiopian, headwaters of the Nile. (See *CURRENT HISTORY* for August, 1935, page 553, for a discussion of how largely dependent Egypt is upon the Ethiopian sources of the Nile.) Egyptians have always been sensitive about the presence of British forces in their country and now hope they will be used to protect Egypt's interests at Lake Tana, on the Blue Nile and on the Sobat. It seems obvious, however, that in protecting Egypt against Italy, British efforts will be diplomatic rather than military, because only a few thousand troops are maintained in Egypt and the Sudan.

Among Egypt's population are 1,000,000 Bedouins, who live on the desert oases and have little to do with

other nomads or with the main part of the nation. In July there was a notable effort to remedy this situation. Delegates from seventy-five Bedouin tribes met at Cairo and named a committee to discuss questions affecting their common interest. Among them were the development of compulsory education among Egyptian Bedouins; the protection of Bedouin rights; the preservation and maintenance of Bedouin customs and the stimulation of intellectual intercourse between the Bedouins of Egypt and those of other Arab countries.

IRAQI ELECTION

A general election of Deputies to the Iraqi Parliament was completed early in August and resulted in a

two-thirds majority for the government's candidates. Before the election the country had been reappportioned on the basis of the recent census and the number of Deputies was increased from 88 to 107.

ARAB CONFERENCE

The Emir Abdullah of Transjordan, the Emir Saud, Crown Prince of Saudi Arabia, and Arab notables from Syria and Palestine met at Amman, the capital of Transjordan, from Aug. 16 to Aug. 19, to discuss the attitude that Moslems should take toward the Italo-Ethiopian dispute. Some weeks before the Emir Abdullah had expressed strong sympathy for Ethiopia and equally strong suspicion of Italy's ambitions in the Red Sea region.

Army Rule in Japan

By GROVER CLARK

FANATICAL "patriotism" has taken the life of another high Japanese official. This time the victim was General Tetsuzan Nagata, Director of the Military Affairs Bureau of the War Office, who was assassinated on Aug. 12 by a Lieutenant Colonel who had recently been transferred to a post in Formosa. This attack by an army officer on his superior, unprecedented in Japanese army history, caused considerable uneasiness as to the extent of disaffection within the army, but at the same time helped rather than hindered the War Minister's efforts to end political agitation by certain Fascist-minded army leaders.

War Minister Hayashi began to "purge" the army shortly after the middle of July. One of his boldest strokes was the replacement of Direc-

tor of Military Training Mazaki by an officer who had not been prominently identified with the group of super-patriots led by former War Minister Araki. This act, as well as the whole "purge," was avowedly intended to get the army out of politics and to stop the agitation by army men which has grown so rapidly during the past couple of years.

War Minister Hayashi might have resigned with regrets and apologies after the murder, expecting that the Emperor would refuse the resignation. Instead, after consulting General Araki, he called a meeting of the Supreme War Council and caused it, on Aug. 22, to issue instructions against soldiers taking part in political activities. Divisional and garrison commanders from all over Japan,

called together in Tokyo on Aug. 26, were told by the War Minister that political agitation must stop. He forbade officers to affiliate or associate except with men of the same rank. Great care, he said, must be exercised in dealing or talking with civilians. Disciplinary punishments are to be enforced rigidly, but not in such a way as to give rise to discontent.

This is a distinct gain for War Minister Hayashi and the group in the army which has been opposed to the Fascist inclinations of the "young officers." On the other hand, General Hayashi has been one of the principals in the campaign to "protect the army's prerogatives." The anti-Fascists have scored a victory, but the army group still feels it should dominate the government.

A bitter controversy has been going on behind the scenes in Japan, nominally over the Emperor's constitutional position but actually over the claim of the fighting services to the exclusive right to "advise" the Emperor on questions involving national defense. The Japanese Constitution gives the Premier and the Chiefs of Staff of the army and the navy equal right of direct access to the Emperor on important matters of national policy. In 1930 the Premier advised the Emperor to sign the London naval treaty, while the Navy Chief of Staff opposed the signature. The Emperor signed. Ever since, the army and navy leaders have been agitating to protect and strengthen their "prerogatives."

For some months this has taken the form of attempts to convince the public that the fighting services are the only true upholders of the Emperor's divine and unique dignity. Specifically, the attack has centred on the theory advanced by Dr. Tatsukichi Minobe, one of Japan's most distinguished teachers of constitu-

tional law. According to this theory, which is expounded in textbooks used in the universities, the supreme authority in Japan rests with the State as such, and the Emperor is simply the organ of the State through which that authority is exercised. Last Autumn, on the ground that the theory was a derogatory misinterpretation of the Emperor's real position, the army-navy group seized on it as a pretext to attack the liberals and civilians, particularly Baron Ikki, President of the Privy Council, and the Ministers of Finance and of Communications. The super-patriots succeeded last Spring in forcing Minobe to resign his professorship and in having his books suppressed. Now they have scored a more important victory in a declaration issued by the Cabinet on Aug. 3.

After pointing out that the supreme power rests with the Emperor, the statement declares: "Any constitutional theory which regards the Emperor as an institution to exercise this power runs contrary to the true character of Japan's national policy."

As Hugh Byas, writing in *The New York Times*, remarks, "ostensibly the dispute concerned the legal theory of the Japanese Emperorship, but it also involved the prerogatives of the fighting services. * * * The question of supreme command * * * raised by the Minobe dispute is the question of whether the Premier or the Chief of Staff has the last word in advising the Emperor on matters connected with defense." The army and navy have been insisting that the advice of the general staffs must be final on such questions and they have been interpreting "defense" very broadly. Now they have tightened their grip on all governmental affairs by compelling the civilian Cabinet to issue its declaration of Aug. 3.

Japan's civil authorities, including her diplomats, on the other hand, have been strenuously trying to avoid giving the army and navy an excuse for saying that civilians lack zeal in maintaining the dignity of the Emperor. That is the principal reason for the recent flurry of diplomatic protests against alleged "insults" to the Emperor in China and the United States. The protests in China led a Chinese court in Shanghai to sentence to jail for fourteen months the editor of the *New Life Weekly* because his paper had remarked that the Japanese Emperor really had little actual power. The protests in the United States arose out of one of a series of cartoons depicting prominent persons in unlikely positions. In this the Emperor was shown pulling a gun carriage on which reposed a scroll labeled "Nobel Peace Prize." Also objected to were photographs of famous births in 1934, showing on the same page the Crown Prince of Japan and the Dionne quintuplets. Moreover, members of a private club in Seattle had staged a show in which a man representing the Emperor of Japan pulled a rickshaw in which sat another man representing the Emperor of Ethiopia. The Japanese Ambassador, without waiting for instructions from Tokyo, promptly protested to the State Department about the cartoon and the Seattle stunt. Regrets were duly expressed over possible misunderstandings of American humor and the matter was dropped.

WEAKNESS AT NANKING

Two points about the Nanking Government have been made clear. First, there is considerable internal disagreement over how far compliance with Japan's wishes should go; second, no one in an important position is ready for a showdown within the Nationalist party organization.

Wang Ching-wei, President of the Executive Yuan (Premier) and Foreign Minister, brought the disagreement into the open by resigning his two posts on Aug. 9. The Ministers for Railways, Industries and War promptly followed his lead. H. H. Kung, Finance Minister and acting Premier, intimated that if Wang did not withdraw his resignation the remaining Ministers would also have to resign. Reports from the South declared that a group of Lefts, who favor open war with Japan, were preparing to seize this opportunity to raise a revolt against Nanking.

Chiang Kai-shek, who was in Szechuan directing the anti-Communist campaign, went to Kuling to meet Kung and other leaders, and then to Nanking, where he saw Wang Ching-wei. On Aug. 22, after a meeting of the Central Executive Committee, Wang withdrew his resignation, and the other Ministers followed suit.

Nothing seems to have been settled. Though Wang has made his gesture of atonement for the government's submission to the Japanese army's recent demands in North China, he remains in favor of non-resistance. The fundamental disagreement over whether Japanese advances should be actively opposed or accepted remains, as does the long-standing quarrel between Chiang Kai-shek and the Southern leaders.

AFFAIRS IN MANCHUKUO

Shortage of Winter snows and Spring rains over considerable areas in Manchukuo, following disastrous floods last Autumn, have produced near-famine conditions in some regions and outright starvation in others. While the soya bean crop, which is grown chiefly for export, was fairly good, the market for the beans has been poor. As a result the

farmers over a large part of Manchukuo are hard hit and this has led to banditry which, according to the reports, is worse than it has been for years.

The immediate situation in Manchukuo, however, has not kept the Japanese Cabinet from formulating a plan for the gradual abandonment of Japanese extraterritorial rights. On Aug. 9 the Foreign Office submitted and the Cabinet approved a plan by which all extraterritorial rights would be surrendered by the end of 1937. The official explanation says the reason is the administrative progress in Manchukuo, but also "to insure the free operation of Japanese policy." Japan is to keep the Railway Zone, though administration will be transferred gradually to Manchukuo.

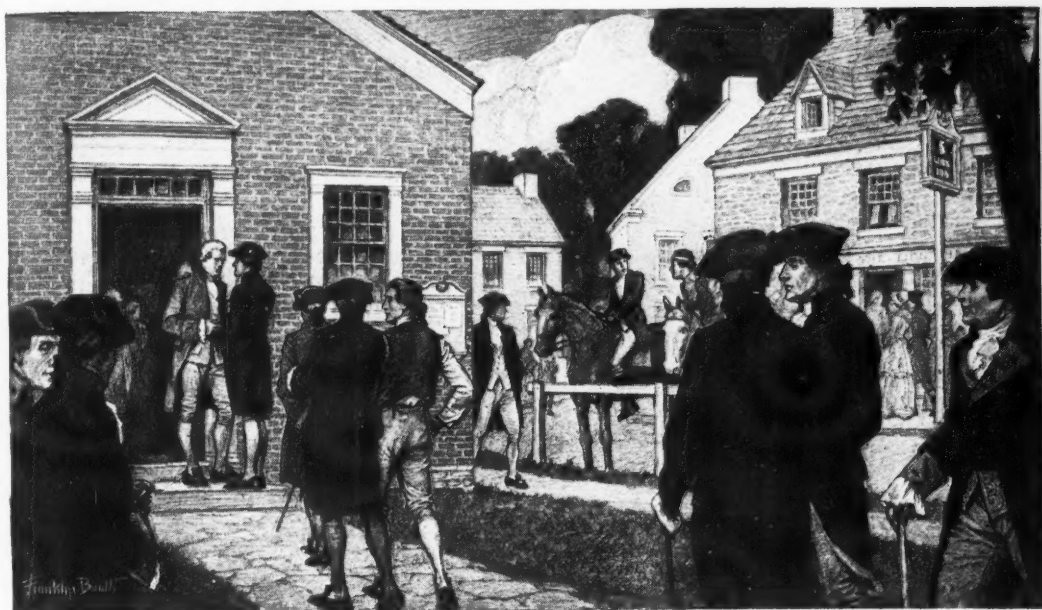
In regard to foreigners in Manchukuo other than Japanese, the Japanese Foreign Office spokesman pointed out on July 29 that Manchukuo, so long as it remains unrecognized by the powers, is entirely at liberty by unilateral action to cancel all extraterritorial rights.

JAPAN IN CHINA

New Japanese demands in North China have been presented following two outbreaks which the Japanese claim were due to Chinese failure to carry out promises to keep the peace. On Aug. 3 four gunmen killed a Chinese commander of the Peace Preservation Corps in the demilitarized zone near the Great Wall, and, incidentally, wounded a Japanese sergeant. This led to Japanese pressure for the complete administrative reorganization of the five Northern Provinces of Hopei, Chahar, Suiyuan, Shansi and Shantung. Then, on Aug. 15, Chinese bandits held up a Mukden-Peiping train,

killed five persons and wounded twenty, and escaped with \$10,000 in silver. Protests and demands for indemnity followed promptly, and it was announced that the Japanese Army would establish a "special service" to cooperate with the Chinese in heading off the potential threat of a Chinese Communist advance into Inner Mongolia through Suiyuan from Shensi and Kansu. The Japanese assert that Nanking is still deliberately causing trouble and that Japanese influence must therefore be extended—in order to keep the peace.

Steps have also been taken on the economic side to extend that influence. One of the first acts of the newly appointed President of the South Manchuria Railway Company, Yosuke Matsuoka of Geneva fame, was to apply to the Manchurian Affairs Bureau in Tokyo for a charter for a new subsidiary of the South Manchurian Railway which would concentrate on financial, commercial and economic activities in North China. The proposed company will interest itself in developing coal mines in Shansi, iron ore in Chahar, oil in Shensi and cotton in Hopei, Shantung and Honan, besides undertaking whatever other work may seem promising. Various new railways in North China are also contemplated in the scheme. President Matsuoka stated on Aug. 21 that in this and other developments in Manchukuo as well as in North China foreign capital would be welcomed in cooperation with the Japanese. He expected to raise 200,000,000 yen at 4 per cent in Japan without unduly disturbing the Japanese money market in spite of Finance Minister Takahashi's recent warnings against the export of capital to Manchukuo or any other foreign country.



Town Meetings and Better Health

FOLLOWING the old Colonial custom of calling a town meeting when the safety and welfare of the citizens were at stake, the National Health Council will sponsor local town meetings throughout the country during October. You and other citizens will have an opportunity at these meetings to take stock of the activities which are being carried on to make your community a better and healthier place in which to live.

There is a direct relationship between the community and family health. Effective measures for improving sanitation and controlling disease depend upon enlightened public opinion. At these meetings you will learn the extent to which your community is giving you and your family a full measure of protection.

Your family should not be exposed need-



lessly to disease. Local health officials and voluntary organizations are striving continually to improve health conditions, and they know what vital gaps there may be in the health activities of your community. Just what, if anything, should be done is a matter for you and your neighbors to decide.

Numerous communities can bear witness to the benefits—measured in terms of better health and happiness—which have been achieved through surveys of the local situation and education of the public. In some cases the water supply has been improved, in others adequate stress has been placed upon the diphtheria immunization of children, and in still others the public has supported whole-heartedly the preparation of proper health ordinances and their enforcement. Attend your town meeting—it may lead to better health for your community.

METROPOLITAN LIFE INSURANCE COMPANY

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A TRAVELER'S NOTEBOOK

TUNNELS and underground vaults where the Spanish governors of the sixteenth and seventeenth centuries stored treasure and ammunition lie beneath the walls of Fort San Cristobal and La Forteleza, in San Juan, Puerto Rico. La Forteleza was the Governor's palace and was completed before 1540.

* * *

Sweden is celebrating this year the 500th anniversary of the dedication of Upsala Cathedral. Three world-famous figures—Gustavus Vasa, Linnaeus and Swedenborg—are buried there. At a ceremony held in the cathedral in June the Bishop of Strängsäs wore the original cope of velvet, gold and silver which was worn at the dedication of the cathedral in 1435.

* * *

A gas-lit beacon mounted on a pylon 100 feet high is being erected in the heart of the Sahara Desert to guide planes and motorists. It will be visible for thirty miles. The beacon is only a few feet from Bidon V, the famous Sahara gas-pump.

* * *

Quebec's Minister of Roads is empowered by law to prohibit billboards or other signs which, in his opinion, disfigure roadside scenery in the province.

* * *

Hsinking, the capital of Manchukuo, is one of the fastest growing cities in the world. During the three years since it was selected as the capital instead of Mukden, its population has risen from 80,000 to more than 300,000. A city plan similar to that of Washington, with circular parks and radiating avenues, is being vigorously developed by the Japanese. The Emperor's palace, now under construction, will cost several million dollars.

* * *

Youth Hostel associations, composed of young people who enjoy hiking, now number more than 7,000,000 members in Europe. More than 4,000 hostels have already been established, and at these lodging is offered to members for approximately 25 cents a night.

* * *

Italy's new express highways have a particular appeal for Premier Mussolini, who likes to "let out" his motor cycle. In Summer he speeds daily to the beach at seventy miles an hour.

* * *

Pedestrians in Madrid who try to cross streets at the wrong places or at the wrong

times are fined 4 cents on the spot by any policeman who sees and catches them. Any one refusing to pay is arrested and forced to pay a larger fine at the police station.

* * *

The famous George Inn at Southwark, London, known to readers of Dickens as the "White Hart," has been reopened, and the new licensees are maintaining the inn's Pickwickian traditions.

* * *

Seventeen-hour flying service between London and Moscow, with short stops at Amsterdam, Berlin, Danzig and Koenigsberg, will soon be available.

* * *

According to one theory, London was founded by the Trojans and named for Helen, to whom a shrine was built on the hill now occupied by St. Paul's Cathedral. Celtic for hill was "don." So the old place was "Hellendon," or "Hellen's Hill." But the ancient Cockney dropped the h and so it became Ellendon, then Ellondon and finally London.

* * *

A recent census showed that 157 languages are spoken in Soviet Russia. All but forty-seven of these have alphabets of their own. Tribes numbering as few as eighty-two persons in remote districts boast distinct languages.

* * *

Mgr. Jean Plateau, priest and archaeologist, is excavating Beaurevoir Chateau, near Cambrai, France, in the hope of discovering new material about Joan of Arc. It was from one of the towers of the chateau that Joan jumped in an attempt to escape in 1430, thus giving her enemies an opportunity to trump up a charge of "attempted suicide." Plans have been made to transform the chateau into a Joan of Arc museum after Mgr. Plateau has finished his work.

* * *

Many seaside resorts boast of their white beaches, but Rome takes pride in its black beach at Ostia Lido. The sand is of dark tufa and bathers cover themselves with it to get the benefit of the iron it contains.

* * *

British Broadcasting Corporation rules for comedians ban the following subjects: Proprietary articles and business names, religion, including spiritualism; public personalities, marital infidelity, effeminacy in men, immorality of any kind, physical infirmities and deformities, including stammering and cross-eyes; painful or fatal diseases and unnecessary emphasis on drunkenness.